Austria	Sch. 15	Italy	L 1100	Portugal	Esc 65
Bahrain	Din 0.650	Japan	Y550	S. Arabia	Rls 6.00
Belgium	BFr 35	Jordan	Fils 500	Singapore	S$ 4.10
Canada	C$2.50	Kuwait	Fils 500	Spain	Pta 95
Denmark	Dkr 7.00	Lebanon	£L 6.00	Sri Lanka	Rup 30
Egypt	E£1.00	Luxembourg	LFr 35	Sweden	Skr 6.50
Finland	Fmk 5.00	Malaysia	Rm 4.25	Switzerland	SwFr 2
France	FFr 5.00	Mexico	Pes. 300	Taiwan	NT $85
Germany	DM 2.00	Morocco	Dh 6.00	Tunisia	Din 0.600
Greece	Dr 60	Netherlands	Fl 2.25	Turkey	L 100
India	Rup 15	Norway	Nkr 6.00	U.A.E.	Dh 6.50
Indonesia	Rp 2500	Philippines	Pes. 20	U.S.A.	$1.50

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EEC funding: how not to run out of money, Page 16

NEWS SUMMARY

GENERAL

French Premier attacks agitators

French Premier Pierre Mauroy said extreme right-wing groups were using current student unrest to "sow disorder."

He warned students against being used by provocateurs, whom he promised would be punished by the forces of the Republic.

His remarks at a conference near Paris followed another outbreak of street violence in the Latin Quarter of the capital on Wednesday night, which led to 113 arrests and several injuries. Page 2

Control on cruise

UK Premier Margaret Thatcher said there would be joint control with the U.S. over cruise missiles, due to be stationed in Britain later this year. Page 18

Austrian leader

Fred Sinowatz, 54, will lead a coalition government in Austria composed of Socialists and Liberals.

Jumbo jet fire

More than 300 passengers were evacuated from a British Airways Boeing 747 at Johannesburg airport when an engine caught fire before takeoff.

Director can work

Poland's culture ministry said film director Andrzej Wajda could still work in the country despite being dismissed as head of a studio.

Pope 'plot' doubts

A U.S. television team cast doubt on allegations that the shooting of the Pope was a Soviet conspiracy, saying that a letter from the Pope to President Brezhnev was never written.

Australia inquiry

Australia's Government announced a royal commission into security services after scandals over an expelled Soviet diplomat and Labor Party national secretary David Combe. Page 4

Salvador aid threat

The U.S. Senate foreign relations committee voted to cut off aid to El Salvador unless the Salvadorean Government stops right-wing death squads from killing civilians.

Greens arrested

Petra Kelly, founder of West Germany's Greens party and a member of the Bundestag, and four other party members were arrested after a demonstration against nuclear weapons in the heart of East Berlin. Page 2

Protest victims

At least two people were killed and 200 arrested during Chile's first national anti-Government protest since General Pinochet's military regime took power nearly 10 years ago. Page 18

Tornadoes in China

Tornadoes, hail and rainstorms killed more than 300 people and injured 11,000 in Hunan, China in late April and early May.

Briefly ...

Greek workers at U.S. military bases are to strike over alleged bad treatment.

Iraqi missile attack on Andimeshk, south-west Iran, killed at least 16 civilians.

Demonstrations in New Caledonia in the Pacific were triggered by the death of a Melanesian after an argument with a French settler.

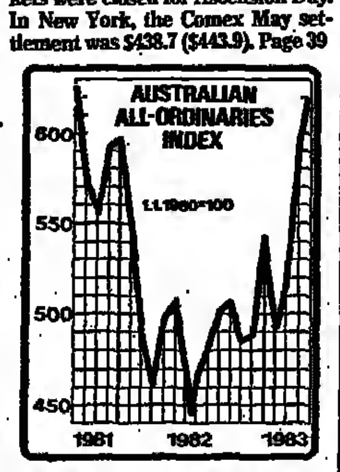
BUSINESS

Watch groups plan merger

● SWITZERLAND's two leading watch companies, Asuag and SSIH, are likely to merge. According to a statement made by Asuag last night, a "financial amalgamation" is foreseen. The operation and marketing activities of the two groups, and brand names, would remain separate. The merger is likely to create the world's largest watch group.

● UK GENERAL ELECTION has prevented North Sea oil companies from winning a large tax concession because the Government ran out of time in its bid to abolish royalties on newly developed fields. Page 18

● GOLD fell $4.25 in London to $439.5. Frankfurt and Zurich markets were closed for Ascension Day. In New York, the Comex May settlement was $438.7 ($443.9). Page 39



● AUSTRALIA: All-ordinaries index edged up 0.7 to 619.4, a 20-month high and a rise of 30.9 since the start of the week. Page 35, 38.

● DOLLAR rose to DM 2.4395 from DM 2.439 and Y231.3 (Y231.2) but eased to FFr 7.335 (FFr 7.34) and SwFr 2.02 (SwFr 2.0325). Its Bank of England trade-weighted index was 121.5 (121.4). In New York, it closed at DM 2.4425; SwFr 2.0270; Y231.95 and FFr 7.3550. Page 42

● STERLING rose 10 points to $1.5695. It also rose to DM 3.83 (DM 3.8275) and Y363.25 (Y363), but held at FFr 11.51 and fell to SwFr 3.17 (SwFr 3.19). Its trade-weighted index was 84 (83.9). In New York, it closed at $1.5685. Page 42

● WALL STREET: Dow Jones index closed 5.32 off at 1,214.40. Report, Page 35. Full share listings, Pages 36–38

● LONDON: FT Industrial Ordinary index lost 4 to 668.6. Government securities eased. Page 35. FT Share Information Service, Pages 40–41

● TOKYO: Nikkei Dow index fell 37.98 to 8,653.9. Stock Exchange index slipped 2.67 to 631.4 Page 35. Leading prices, other exchanges, Page 38

● PAUL VOLCKER, chairman of the U.S. Federal Reserve Board, will be replaced this summer, a senior economist at First Boston predicted.

● MANVILLE Corporation is seeking to reorganise unless it can secure a deal to settle outstanding asbestos health claims against the company for a fixed sum. Page 18

● IMF recommended devaluation of tha Venezuelan bolivar as a condition for agreeing to standby credit.

● UNITED BRANDS, the world's largest importer of bananas, is forecasting a net loss for the nine months to March 31 because of restructuring costs. Page 19

● KAISER STEEL of the U.S. rejected a takeover worth at least $265m by a Wall Street investment group. Page 19

● TRANS WORLD, the U.S. airline company, claimed victory in its battle with a dissident shareholder group that wants to split up the company. Page 18

White House shifts approach to nuclear arms negotiations

BY REGINALD DALE, U.S. EDITOR, IN WASHINGTON

A SIGNIFICANT shift is under way in the Reagan Administration's approach to nuclear arms control negotiations with the Soviet Union, most notably in Washington's attitude towards the strategic arms reduction talks (Start) that have so far made little progress in Geneva.

The White House is still studying options for changing its original Start proposals, which called for sweeping cuts in both sides' forces along fairly traditional bargaining lines with a new limit of 5,000 each on warheads and an 850 sub-limit on missiles.

White House officials and President Ronald Reagan himself have now given clear indications that the re-thinking process is likely to produce a more radical departure from past strategic arms negotiating concepts.

The shift is due to three closely interwoven elements.

First, there is the growing public concern both in the U.S. and Europe over the unchecked growth of nuclear weapons. Next, there is the need, essential in the White House's view, to win Congressional endorsement of Mr Reagan's MX intercontinental missile programme. Finally, there are last month's recommendations by Mr Reagan's special commission on strategic forces (the Scowcroft Commission), which would combine MX deployment into a new approach to arms reductions. Mr Reagan now accepts that he cannot have the MX without such a change of emphasis.

The Administration has said that it approves the general approach of the Scowcroft Commission, which would involve moving to smaller, single-warhead missiles such as the proposed U.S. "Midgetman," and counting warheads rather than missiles in the arms talks.

Serious consideration is now also being given to the so-called "build-down" proposal, under which the U.S. and the Soviet Union would remove two old warheads (or perhaps missiles in some cases) for each new one deployed. The Administration said earlier this week that while some important details remained to be worked out, it agreed with the overall "concept" of the build-down approach.

The result, if the Soviet Union agrees, might be a move towards a safer world, in which there would be much less temptation for either side to launch an attack, according to the proponents of the new approach. Small single-warhead missiles would be less "valuable" as targets than today's big multi-warhead missiles, more widely dispersed and less vulnerable.

The Administration is clearly encouraged by the Soviet Union's offer to count warheads rather than missiles in the parallel Geneva negotiations on intermediate-range nuclear forces in Europe (INF). Significantly, too, Mr Reagan has now publicly accepted that the giant 10-warhead MX might be used as a bargaining chip in Geneva, possibly paving the way to a more stable balance of forces based on smaller missiles.

One option under consideration would be to remove the 850-missile limit from the Start proposal, or increase it, to allow a greater number of smaller missiles. The Administration now believes that missile limits simply encourage both sides to put more warheads on each launcher.

An agreement along the new lines is not, however, going to be possible politically in Washington unless Moscow agrees to strict verification procedures to cootrol the deployment of warheads, which are much more difficult to monitor than missiles. In thet context, the Administration has been expressing serious concern over recent Soviet secrecy-shrouded test firings of two new intercontinental ballistic missiles, which may well be in violation of the unratified Salt 2 agreement.

Some opponents of the MX, however, believe that failure to reach an accord oo verification will simply allow Mr Reagan to slip out of any new arms agreement, while continuing to rebuild U.S. forces. The new approach, they say, is simply a "smokescreen."

Senate vote setback for U.S. budget

BY OUR U.S. EDITOR IN WASHINGTON

THE U.S. SENATE yesterday killed three 1984 budget proposals, put by Republican leaders, Republican moderates and Democrats, and compounded the atmosphere of deadlock and budgetary confusion that has reigned on Capitol Hill in the past two weeks.

The Senate budget committee has been asked to make new proposals.

On the first vote, seven moderate Republicans broke ranks and joined the Democrats in a 52 – 48 vote against the leadership version, which received the reluctant endorsement of President Ronald Reagan last week.

The Republican leadership had proposed a 7.5 per cent real increase in defence spending next year, against the 10 per cent originally sought by Mr Reagan, and full implementation of the final 10 per cent instalment of his three-year tax-cutting programme.

Two more versions of the budget remained to be voted on – a Democratic proposal and a compromise proposed by five moderate Republicans, who are believed to hold the balance of power on the Senate floor.

Both proposals called for increased taxes and a lower rise in defence spending.

The deep split in the Republican ranks is over whether extra taxes need to be raised in 1984 to help close yawning budget deficits.

The leadership's proposal provided for virtually no tax increase,

Continued on Page 18

Economists call for co-ordinated EEC reflation

BY JOHN WYLES IN BRUSSELS

EEC governments are being urged by a team of top international economists to launch a co-ordinated programme of fiscal expansion in a new report which is highly critical of UK budgetary policy.

The economists, headed by Professor Rudiger Dornbusch, of Massachusetts Institute of Technology, argue that most member states would run few risks of re-igniting inflation through expansionary policies.

They claim that inflation is now falling so rapidly, that "expansion and a lowering of slack in the labour market does not mean sharply rising inflation."

In the UK, fiscal policy has been "perversely misdirected," say the five economists. If the budget deficit is adjusted for inflation and cyclical trends "one finds that in the deepest recession for 50 years the Government runs a whopping surplus in excess of 6 per cent of gross domestic product (GDP)," argues the report.

It goes on to argue that the UK and other member states should move away from deflationary policies by a co-ordinated expansion programme which would imply "smaller deficits and smaller deterioration in the external balance with the associated risks of depreciation and inflation."

Increased imports would be matched by increased export revenues to the partner country which is also expanding, claim the economists. They concede that import "leakages" from third countries would occur but the costs would be offset by increased EEC exports.

The group says: "In sum, a co-ordinated expansion is a vastly more effective, less risky venture, and for that reason must be insisted on."

The report takes up European trade union calls for a co-ordinated increase of 1 per cent in public investment, and from computer projections concludes this would yield a 1.8 per cent rise in GDP growth for the Community as a whole, compared with a zero impact if undertaken on a purely national basis.

The economists urge the use of fiscal measures to increase investment demand and to allow firms to accumulate capital increase productivity and so reduce labour costs.

They suggest temporary use of investment incentives coupled with employment subsidies to reduce non-wage labour costs.

This proposal, they say, is grounded in supply-side economics because investment subsidies should favour those industries which have suffered sharply from the collapse of demand "but which have long-run viability."

Those governments which reject the idea of increasing their budget deficits should consider reducing welfare and other social payments to finance the investment subsidies.

The report marks an interesting departure in the production of macro-economic policy studies in Brussels. It has been organised under the aegis of the newly created Centre for European Policy Studies, which is partly modelled on Washington's Brookings Institute.

In addition, the report was developed with the co-operation of the European Commission as a commentary on the policy option favoured by the Commission's own Annual Economic Report 1982-83.

Macro-economic Prospects and Policies for the European Community, Rudiger Dornbusch, Giorgio Basevi, Oliver Blanchard, Willem Buiter, Richard Layard, Centre for European Policy Studies 33 Rue Ducale, Brussels. Price, 5 Ecu.

Kenya 'plot' row strains relations with UK

By Michael Holman in Nairobi

ALLEGATIONS by President Daniel arap Moi of Kenya that foreign powers are plotting to overthrow him have generated a political storm that threatens to strain relations with Britain.

The allegations which underline the intensity of rivalries within President Moi's government, are worrying because Kenya's Western allies have been looking for signs that the country has fully recovered from the abortive coup of August 1 last year.

President Moi first made his accusations last weekend, when he said foreign powers were grooming "a certain person" to take over the presidency. Politicians and diplomats believe he was referring to a member of his own Cabinet.

The link with Britain came when be contrasted London's tolerance of Kenyan political exiles who regularly denounce the Nairobi government, and the status of the exiled Zimbabwean opposition leader, Mr Joshua Nkomo, who was requested not to engage in political activity while in London.

President Moi's grievance was emphasised the following day by the Kenya Times, owned by the ruling Kenya African National Union (Kanu) party.

If the activities of dissidents "in London and other places" were not curtailed, it said, "it will be difficult for one not to see a correlation between these activities and the plot by foreign countries to impose a leader on Kenya."

The furore then rose a further pitch when the secretary of Kanu's parliamentary group, Mr Francis Mutwol, this week called on the party to identify a mysterious "traitor" in government ranks.

The suggestion that Britain should wish to destabilise Kenya seems surprising. Britain played a leading role in marshalling additional aid after last year's coup attempt, is Kenya's largest single trading partner and conducts military training exercises in Kenya each year. The Queen is due to make a state visit in November.

But relations were disturbed last month, when Kenyans took umbrage at mildly critical remarks made during a visit by Mr David Steel, the British Liberal party leader. Sir Leonard Allinson, the British High Commissioner, was called in to hear a protest from Dr Robert Ouko, the Kenyan Foreign Minister, and President Moi himself publicly expressed his anger.

The seriousness with which the affair is being taken is a symptom of the uneasy state of Kenyan politics over recent months, during which there have been verbal battles between factions in the Cabinet and Kanu.

The bitterest rivalry has been between two men, Mr Charles Njonjo, Minister of Constitutional Affairs, and Mr Mwai Kibaki, the Vice-President

Bolivia reaches 'understanding' on $450m debt

BY WILLIAM HALL IN NEW YORK

BOLIVIA has takeo the first step in restructuring its $3bn debt owed to international banks and has reached an "understanding in principle" on the restructuring of $450m of principal payments, which fall due between now and 1985.

Representatives of the Bolivian Government and the co-ordinating committee of the 128 commercial banks that have lent money to Bolivia issued a joint statement in New York on Wednesday evening after two days of negotiations.

The vaguely worded "understanding in principle" follows what were described as intense and constructive negotiations designed to normalise interest and debt repayments that are overdue.

The statement said the understanding would form part of a global package to include agreements of the Bolivian Government with the International Monetary Fund, the World Bank and other international organisations, as well as the refinancing of outstanding bilateral debt of Bolivia to various foreign countries in an endevour to assist with the country's present economic crisis.

Despite the understanding in principle, its is clear that considerable work remains to be done before Bolivia can complete its rescheduling of its debt. It is understood that Bolivia has agreed to pay the $86m of interest still overdue on its debt and that will be done through monthly instalments between now and September.

The country is also understood to be trying to get commercial-bank agreement to extend debt repayments due over the period 1983 to 1985 for up to seven years, with a four-year grace period.

In New York and Washington today, a week of talks will begin with Brazil which are expected to pave the way for a formal request to its commercial-bank creditors for a new jumbo loan, Andrew Whitley writes from Rio de Janeiro.

The alternatives under consideratioo reportedly include a $1.5bn jumbo loan to clear the growing mountain of debt arrears, and, possibly, a companion loan of similar size to give the Governmeot its long-desired "cushion of liquidity."

The conviction that last February's $27bn package of financial assistance for Brazil is proving unworkable – and has to be modified to permit the entry of urgently needed fresb funds – is growing among foreign banks here and, privately, among Brazilian officials.

A chief architect of the banks' rescue programme, Mr Anthony Gebauer of Morgan Guaranty, recently acknowledged publicly in Brazil that the Government should have requested more money in the first place.

Today a strong Brazilian delegation, led by Sr Carlos Langoni, the central bank governor, is due to meet the major U.S. banks coordinating the four points of the February package, for what is likely to be a wide-ranging stocktaking session, in New York.

The outcome will belp shape the strategy to be adopted at a broader meeting with Brazil's U.S. bank creditors scheduled for next Friday, again in New York.

$530m bridging loans for Chile

By Alan Friedman in London

THE BANK for International Settlements (BIS) in Basle has approved a $350m short-term bridging loan to Chile.

The loan, according to bankers involved in Chile's debt rescheduling talks, was approved during a meeting in Basle wbich ended on Tuesday. The $350m, needed to help Chile through the next few months, is larger than the amount originally contemplated.

It remains unclear whether the U.S. Government, which was considering providing about $100m in bridging loans, has participated in the BIS facility.

In addition to the BIS loan it emerged last night that Chile's 12 adviser banks have tentatively approved a $180m bridging loan. Each bank is said to be providing $15m.

This commercial bank bridging loan will be secured by the pledge of Chilean-held gold reserves. Chile is believed to bave around $600m worth of gold, as well as $1.3bn in foreign exchange.

Central bank officials left Santiago yesterday to join a series of meetings with U.S. regional bank creditors. The delegation is to visit seven American cities during the next six days, beginning with a meeting in San Francisco this morning.

Earlier this week Sr Carlos Caceres, Chile's Finance Minister, talked with more than 70 banks at a London meeting

The meeting urged bankers to back Chile's rescue package, which includes the rescheduling of $3.4bn of debt

Anti-government protests, Page 18

CONTENTS

EUROPEAN NEWS

Mauroy blames far-Right for violence

By David Marsh in Paris

EXTREME right-wing groups in France are using the current bout of student unrest to "sow disorder," M Pierre Mauroy, the Prime Minister, declered yesterday.

In e statement showing thet the Government is taking seriously the political element in recent violent demonstrations, M Meuroy warned students against being used by right-wing *provocateurs* whom he promised would be punished.

His remarks, made to an education conference near Paris, followed another outbreak of street violence in the Latin Quarter of the capital on Wednesday night which led to 113 arrests.

Several people on both the police and civilian side were injured in the fighting including about half a dozen epparently innocent bystanders.

Observers said the demonstrations by about 600 law students protesting against government plans for university reform degenerated into violence following the arrival of about 100 agitators not apparently belonging to the student movement.

Feces masked by scerves, clad in padded reefer jackets and sporting military or skinhead haircuts, they assembled barricades, made a bonfire from cardboard boxes and tried to set fire to a bus, the windows of which were broken.

Police reacted heavily and maintained a strong presence on the Left Bank until early yesterday morning, making occasional charges on crowds, including strollers and cinema-goers.

Unrest over student demonstrations took place in several other French towns on Wednesday. These included Cannes, where the film festival was disrupted, Montpellier and Bordeaux.

In his speech, M Mauroy said the Government understood student disquiet about the effects of education reform, but repeated his determination to carry the plans through.

The Government would try to surmount difficulties over the reforms by "dialogue and consultation," but be promised a tough line against "those trying to transform protests into demonstrations against public order."

Leader of Italian industry takes tough line on pay

BY RUPERT CORNWELL IN ROME

ITALIAN INDUSTRY has no intention of egreeing to major new wage contracts that would merely add to the country's inflation rate, currently standing at 16 per cent. This was made clear yesterday by Sig Vittorio Merloni, chairman of Confindustria, the employers' organisation.

Italy's seasonally adjusted industrial output fell a provisional 1.5 per cent in March after falling 0.7 per cent in February and 0.2 per cent in January, according to Istat, the national statistics institute, Reuter reports from Rome.

In a harshly-phrased traditional keynote speech to the organisation's annual assembly, Sig Merloni Ideotified inflation as the central and untackled weakness of the Italian economy.

With the exception of Italy, the industrialised West was emerging victorious from recession. ft had, in his words, "broken the vicious circle of inflation, freed itself from undue dependence on oil, and was reassuming the economic and financial leadership of the world."

He emphasised, however, that other countries—even Socialist France — were paying the required price for success. Real wages had been reduced, public spending was being cut, and industry restructured. Italy, too, would have to pay this price, or risk finding itself increasingly adrift from its main industrialised competitors.

Sig Merloni warned the unions that employers would not permit outstanding wage contracts for 4m workers (above all the three-year deal for 1.5m privete sector engineering workers) to undo what had been achieved by January's agreement to modify the *scala mobile* system of automatic wage indexation.

The new pay agreements are already many moolhs overdua and union representatives yesterday boycotted the Confindustria meeting in protest at wbat they claim is deliberate stalling by the employers. Some influential unioo leeders have intimated that they might pull out of the scala mobile if the impasse continues.

However, Sig Filippo Maria Pandolfi, the Industry Minister, again warned that disagreement would be to nobody's advantage. A rapid settlemeot of the contracts was both possible and essential, be told the assembly.

Sig Merloni's strongest words were for the politicians. Already, and, be implied, for electoral considerations, the Government had eodorsed public sector wage increases in excess of the previously stipnlated target. But the administration which emerged after the election, whatever its precise composition, would have to bring deeds, not mere words, to bear against inflation.

He did not conceal his disillusion, and his pessimism about the chances of that happening. "We are woodering, like everyone else, whether these elections will settle anything.

Many obstacles to clear in Soviet talks, says Hu

BY ALEKSANDAR LEBL IN BELGRADE AND DAVID BUCHAN IN LONDON

THE SINO-SOVIET talks on normalisation must be more than just a public relations exercise if they are to overcome the many serious obstacles between the two countries, Hu Yeohang, general secretary of the Chinese Communist Party, told e news conference in Belgrade.

Yugoslavia had shown the way to the right kind of relations between Communist parties, modelled oo non-interefence in each other's affairs, he said on Wednesday night at the end of the first full day of his five-day visit to Yugoslavia.

Before leaving Peking for his Balkan trip, which included a first stop in Romania, Hu repeated that the chief obstacles to Sino-Soviet rapproachment were Indochina—where Moscow and Peking are backing rival claimants to power in Kampuchea—and the Soviet military presence in Afghanistan.

Despite his words of caution, however, the Chinese party teader gave no hint in Belgrade that the Sino-Soviet talks had hit an impasse. His trip seems designed as a diplomatic complement to the talks.

After he returns to Peking, officials in his entourage, led by Qian Qichen, the Vice-Foreign Minister, and chief negotiator with the Russians, are to fan out across the rest of Eastern Europe.

They will presumably be giving Moscow's closest allies the Chinese version of the problems and prospects for healing the 20-year rift in Sino-Soviet relations.

China has recently lent Yugoslavia what Hu called a very modest sum—$150m on short-term deposit with the national bank. A joint Yugoslav-Chinese communique issued this week called for an increase in bilateral economic co-operation to reflect the warm political ties

'Greens' held after E. Berlin peace protest

By Leslie Colitt in Berlin

PROMINENT members of the West German Greens party were detained after protesting against nuclear weepons in the heart of East Berlin yesterday. The demonstration followed a secret meeting in an East Berlin flat between peace activists from East and West Germany.

Frau Petra Kelly, founder of the Greens and a Bundestag member, was taken into custody by East German security police, along with four others, after unfurling a banner reading, "Swords into ploughshares." This is the slogan of the East German peace movement, which cannot be publicly displayed in East Germany.

They were questioned for several hours before being allowed to return to West Berlin, where they were attending a conference on European nuclear disarmament.

U.S. bid to curb European wine imports

BY OUR FOREIGN STAFF

EUROPEAN wine producers may soon find themselves targets for trade restraint efforts by U.S. interests concerned about rising imports.

Mr John de Luca, president of the California Wine Institute, said in Washington this week that a group of U.S. winemakers is trying to get Congressional support for a Bill that would reduce foreign barriers to U.S. wine exports. It was hoped such e Bill would be ready for presentation in several weeks, he said.

A joint statement issued at a meeting of winemakers said a proposed law "would require admission of U.S. wines into foreign countries on the same fair and equal basis as the wines of those countries are admitted into the U.S."

The winemakers statement added that in the U.S. there is a minimum of paperwork for importers and a tariff of only 37.5 cents a U.S. gallon (3.8 litres). "Conversely, American wines face a byzantine patchwork of tariffs, duties, regulations, special fees and forms" in other countries, he added.

The statement followed a call earlier in the week by Senator Pete Wilson, a California Republican, who called for U.S. action to stop imports of subsidised foreign wines, particularly from the EEC. He suggested countervailing duties to increase the price of imports.

U.S. concern, mainly of California which produces about 80 per cent, or 3m gallons, of all U.S. wine, focuses on several fronts:

- Imports, 10 per cent of the U.S. market in 1970, now take 28 per cent of all wines sold in America;
- The high value of the U.S. dollar in relation to European currencies has made imports more competitive. This has coincided with rising production costs in the U.S. in recent years, which have sharply boosted the prices of U.S. wines in their own marketplace.

● David Marsh adds from Paris: There was no immediate reaction in France to the emerging U.S. position, but any moves by the U.S. to place restrictions on wine imports would certainly hurt French exporters, principally in the Bordeaux, Burgundy, Rhône and Loire regions, who have seen the strong dollar give an important fillip to their American wine business.

But France is ranked only third – behind Italy and West Germany – in European wine sales to the U.S., baving dropped considerably in the listings from its dominant position about a decade ago.

According to current estimates in the industry, French wine exports to the U.S. run at around 650,000 bectolitres a year, of which two thirds are finer quality products and only about 200,000 table wines.

Apart from the specialist merchants with business in the U.S., one of the principal companies to feel the pinch from any U.S. move would be the Pernod Ricard drinks group, which launched e special effort last year to commercialise specially selected French table wines in the U.S. through its American subsidiary Austin Nichols.

French cognac groups have already been hit recently by restrictive trade moves abroad, suffering from a boycott in Hong Kong in retaliation against French action to curb watch imports from the UK crown colony.

Jobs and output likely to be cut in plan for Belgian steel giant

BY PAUL CHEESERIGHT IN BRUSSELS

DEFINITIVE PLANS for the future of Cockerill Sambre, the large but ailing steel producer in Belgium, will be dropped into the cauldron of national politics this weekend.

They are contained in a report, commissioned by tha Belgian Government, from M Jean Gandois, a French management consultant, and are expected to recommend wide changes in the structure of the group, involving capacity reduction and further investment.

Discussions are expected to start late today or on Monday morning on the nature of the Gandois plan and how it might be implemented. The discussions will embrace the Cockerill management, the unions, the Government and M Gandois himself.

The outcome is likely to be a broad plan, with details left to be settled later, which can be submitted to the European Commission. By the end of June, the Commission must rule on the restructuring plans and the level of subsidy they attract, as part of the wider scheme to restructure the EEC steel industry.

But that outcome presupposes that the Gandois plan will not split the centre-right coalition of Mr Wilfried Martens. The Government is in the position of not being able to settle a steel development policy without hurting one or both of the main linguistic groups in Belgium.

Cockerill's main Belgian plants are in Wallonia, the French-speaking part of the country. But the persistent needs of the group for state finance—it will need cash subsidies of at least BFrs 2.19bn (£28m) just to keep going until August—have aroused antagonism in Flanders, which is Flemish-speaking.

A strong section of Flemish opinion, which will be reflected in the Martens Government, believes that simply pouring more money into Cockerill will be a waste. Better, it is thought, to spend the money in Flanders on new high technology industry.

On the other hand, the Gandois plan will no doubt recommend substantial cutbacks in the labour force. This may bring the unions on to the streets of Liege and Charleroi and provoke sharp Walloon resentment against the Government.

His report is expected to have four sections:

● **Technical.** This will suggest optimum levels of production and the nature of plants and equipment needed to achieve it. Crude steel production last year was 30 per cent down on 1981 at 4.56m tonnes. He will probably suggest product splits between Cockerill, Arbed of Luxembourg and Hoogovens of the Netherlands.

● **Financial.** The need hera is for a formula which will give Cockerill more capital and assure it working needs. This is the question of "who pays?"

● **Social.** Cuts in the Cockerill labour force are seen as inevitable. There are 22,650 people engaged in steel-making, 7.7 per cent less than at the end of 1981 and 43 per cent less than eight years ago. Mr Gandois will seek to match the labour force to force to the level of production.

● **Managerial.** Cockerill badly needs a stable structure. The group itself is the result of successive mergers, the last of which took place in 1981, linking the Charlerol Triangle with Cockerill Liege. Since then, there have twice been changes in the top direction.

Cheysson faces Spanish fears on trade curbs

By David White in Madrid

SERIOUS CONCERN in Spain over French trade policy overshadowed a 24-hour visit here by M Claude Cheysson, the French foreign minister, just as the two countries are seeking to establish better relations.

Officials at the Economy and Foreign Ministries in Madrid and at the Bank of Spain expressed their concern about protectionist measures and about statements by French ministers at the recent OECD meeting.

The Spanish authorities feel particularly vulnerable because of Frances's importance as the main Spanish export market and France's key role in the long-running negotiations for Spain's entry into the EEC.

Officials noted in particular remarks by Mme Edith Cresson, the French foreign trade minister, suggesting that Paris would seek to rectify bilateral imbalances. Spain has since 1977 developed a regular surplus in its trade with France.

M Cheysson's talks here with his opposite number Sr Fernando Moran and with Sr Felipe Gonzalez, the Prime Minister, are aimed at preparing the way for a second two socialist governments.

AMERICAN NEWS

Billion-dollar drug trade flourishes under civilian rule

Bolivians sniff at U.S. cocaine plan

BY MARY HELEN SPOONER

THE TOWN of Shinahota in the central Bolivian province of El Chapare, was once e modest agricultural centre known for its citrus production. Today it is better known as a crossroads for the country's billion dollar cocaine trade.

Every dey in the outdoor market thousaods of Indian peasant farmers sell around 500 bales of coca leaves for the equivalent of about $85,000. At dusk the dealers in cocaine paste appear, elong with sellers of kerosine and other ehemicals used lo turn dried coca leeves into paste or sulphate. The cocaine paste is later processed into the finished crystal powder. About 50 kg of paste is estimated to be sold daily in Shinahota, worth another $85,000.

Law enforcement efforts are timid at best. Shinahota is bost to a floating population of 10,000 to 15,000, end gunfights between rival drug gangs are not infrequent. In the town of Chulumani, about 60 miles way, last September an angry mob stoned the local narcotics cootrol atatioo aod brutally murdered seven drug enforcement agents.

The civilian Government led by President Hernen Siles Zuazo took office last October with a promise to crack down on cocaine trafficking, which has bloomed into Bolivia's largest industry. But the huge economie stakes and the

Gen Garcia Meza . . . traffickers supported bis regime.

difficulty of cootrolling Bolivia's hinterland has hampered these efforts. Cocaine trafficking has not diminisbed since the Siles Government took power, and is even said to bave increased.

Coca leaf is to Bolivia's Indian majority what tea and coffee are to Europeans. Chewing the leaves together with lime ash, which releases the active ingredient in the leaf, helps reduce sensitivity to high altitude cold, and bunger pangs and to increase the ebility to perform hard manual labour.

The widespread use of coca leaves for producing cocaine began during the seven year military regime of General Hugo Banzer from 1971 to 1978, when a relatively small number of entrepreneurs began exporting cocaine paste to Colombia, where a growing drug mafia would then process the paste into cocaine for export.

In 1980 shortly after Dr Siles won a plurality of votes in a Presideotiel election, a eoup financed by cocaine traffickers preveoted him from taking office. This regime, beaded by Gen Luis Garcia Meza, with its documented ties to the cocaine trade and its flagrant buman rights abuses made Bolivia into an international pariah.

During more than two years of military rule, the drug trade supported a network of paramilitary squads made up of former convicts, hired assassins and foreign mercenaries—including Nazi war criminat Kleus Barbie—which terrorised the population. The market price of coca leaf, meanwhile, bas risen from eround 3,000 pesos to between 35,000 and 40,000 pesos per bale.

If the paramilitary squads end their cohorts in the armed forces are no longer active, cocaine continues to play a role in Bolivia's economic and politicat life. At least one former official in the Siles Government has been eccused of ties lo the drug trade, along with a prominent labour leader. The Government's apparent tack of progress in curbing the traffic was a factor in the decision of six Cabinet Ministers to leave the Government in early January.

Last month Mr William French Smith the U.S. Attorney General, visited Bolivia to discuss a possible $75m drug control programme. The project would allot $40m to encourage the cultivation of food crops rather than eoca leaf, and another $35m to eradicate "excess coca production."

Although Mr Smith emphasised that the U.S., which receives around 45 metric tons of cocaine annually, was not seeking to halt the tegal cultivation of coca leaves, his proposals drew fire from Bolivian labour and peasant groups.

The Bolivian peasants' confederation has angrily rejected any attempts to curtail coca leaf production, which yields larger revenues than traditional agricultural products. In maoy rural communities farmers bave complained that lack of easy access to markets bas resulted in the loss of perishable items such as fruits and vegetables.

The organisation is studying new uses for the leaves such as coca-based crackers, liquor, and pharmaceutical prodncts.

A number of educated Bolivians bave asked why their country should bear the burden of drug enforcemeot when it is the Americans, and to a lesser

extent, Europeans and Brazilians, who are the cocaine consumers.

On the other hand, tha production of cocaine powder from the sulphate paste is increasing in Bolivia, along with domestic consumption. The Colombian middleman, who used to process the cocaine crystal and smuggle it abroad, is gradually being eliminated. A gram of cocaine sells for about $14 inside La Paz prison, with street prices even lower.

One police study published last November reported that nearly one out of 10 youths aged 15 to 21 in Cochabamba, Bolivia's third largest city a few bundred kilometres from Shinahota, were "cocaine addicts."

This increased domestic consumption in Bolivia's conservative society might eventually prompt authorities to take more decisive action. "There is no reason why the Government cannot send in troops to break up en operation like Shinabota's," a diplomat in La Paz commented.

How American lawyers catch their clients

BY A. H. HERMANN, LEGAL CORRESPONDENT, IN LONDON

"IT IS downright embarrassing to have the nation's most prestigious association of lawyers publicly flunk constitutional law." The Washington Legal Times is cross with the American Bar Association, which has turned down tha Kutak Commission proposals that the association should liberalise its rules on advertising and soliciting of business by its members. Instead, it reaffirmed its hostile attitude to competition among lawyers by excluding written communications from the category of permitted advertising and by ruling that a lawyer may not solicit professional employment from a prospective client by mail, in person, or otherwise when his own gain is a significant motive for doing so.

Over the last 20 years the ABA has lost eight of the nina cases it has fought in the Supreme Court to try to stop attorneys from behaving like other people who are after business. The main breakthrough came when the Supreme Court held that the professions were not exempt from the antitrust laws. The ABA responded much in the same way as the Law Society for England and Wales reacted to the exhortations of the Royal Commission on Legal Services and the Office of Fair Trading that solicitors should be allowed to advertise. However, while UK solicitors toe the Law Society anti-competition line, the ABA resistance to advertising in the U.S. has not stopped its members from engaging in all sorts of promotional activities.

Last month, in a front-page headline, the Times announced: Era of Client Development Has Arrived. According to its survey of law firms' promotional practices, over the past two years there has been a substantial increase in the number of law firms which engage in systematic attempts to generate new business. Some may merely set up a committee to encourage and co-ordinate the efforts of their partners and associates to get new clients. Bot the tendency seems to be to do more than that: to establish "business development" budgets and to employ public relations consultants.

The Legal Times questioned 228 firms each employing at least 80 lawyers. Of the 88 firms which replied to the questionnaire, 57 had formed business development committees 52 held seminars for clients; 32 published a brochure for clients; 25 used a public relations consultant and 20 published a newsletter. As some of the most active client seekers were probably reluctant to disclose their activities, one can assume that tha results are an understatement. On the other hand, the survey shows that these promotional methods were adopted only recently. Before 1975, of the 88 firms who took part in the survey, only 10 organised seminars for clients, seven had business development committees, two published a brochure for clients; one published a newsletter, and none had used a public relations consultant.

The American Bar Association lost eight anti-advertising suits in the Supreme Court, and its members think that lawyering, like laundering, must be sold to the client.

Only some firms revealed their promotional expenditure. Bogle and Gates spent $363,000 from January 1981 to February 1983; Paul Hastings budgeted $250,000; and other firms spent about 1 per cent of their total expenses on promotion compared with 7 per cent on rent.

Some of those business development activities go well over the limits of impersonal generalised promotion and advertising. Jenkins and Gilchrist produces a newsletter, has increased client entertainment and club memberships of associates, but also "negotiates for business when signing office leases." John W. Knox, the firm's administrative director, reported that it was expected that a landlord, from whom the firm would rent office space in Dallas, would give it legal work. As there is a buyer's market for Dallas office space, the law firm is likely to have its way.

A more publicity-oriented activity was reported by Gray, Cary of San Diego. Its practice development committee meets twice a month, and the firm employs a full-time marketing co-ordinator, Justine L. Jeffrey is responsible for seminars and the development of a mailing list which now includes the names of 9,500 clients, lawyers and personal contacts, but, in deference to the ABA, no strangers. She also produces a newsletter, and a 200-page resource book about the firm and its associates.

Moreover, Gray, Cary participates in a number of television promotions. It helps to prepare a television programme. At the Bar, sponsored by the County Bar Association, and often features in that programme.

All this is very different from London where barristers are still not allowed visiting cards for fear they might give them to prospective clients (instead of leaving brief bunting to their clerks who get a 10 per cent cut of their fees). The American lawyers are not so shy and, in addition to simple visiting cards, produce brochures, sometimes in the form of loose-leaf notebooks, allowing for inserts suitable for a particular client.

There is no doubt that these activities are very good for public relations consultants: Milcorp, a Washington market research and consultancy company, sells its services to some 60 law firms, employing between 50 and 100 lawyers and including at least one of the nationwide leaders. But how valuable are these promotional activities to the law firms?

The usefulness of seminars seems to be on the decline as they offer more information than can be absorbed. This applies particularly to seminars organised for clients. Better results are obtained from seminars organised for officials of trade associations, accountants and other professional workers. Most of the firms surveyed found it difficult to say whether seminars, newsletters, brochures, or other devices helped to generate business from existing or potential clients. An increasing number seem to rely primarily on rewarding associates and employees who acquire clients.

To the Legal Times questions about the use of PR consultants, business development committees, brochures, newsletters and seminars, the biggest law firm, Shearman and Stirling, of New York, with 373 lawyers, said "no" to them all, except that it provided seminars when requested by individual clients. The number of "yes" answers increased as one went down the list.

It is hardly surprising that the smaller firms are more interested in promotion and advertising. Ooe wonders whether the hostility of the ABA and the Law Society towards advertising is not due to the influence of the large firms in their councils.

** Goldfarb v Virginia State Bar (421 US 733).*

Libya threatens breach with Brazil in arms row

BY ANDREW WHITLEY IN RIO DE JANEIRO

THE LIBYAN leader, Col Muammar Gadaffi, has raised the temperature in his four-week-old dispute with Brazil over the detained Libyan arms-carrying aircraft bound for Nicaragua, by threatening to break off relations if his demands are not met.

The new, tougher demands from Tripoli, made on Wednesday, are for Brazil to let the four aircraft fly with their cargo of weapons, either directly to Nicaragua or else back to Tripoli.

For their part, the embarrassed Brazilian authorities are still insisting that the 52 tonnes of arms and explosives, which include two dismantled aircraft, have to return to Libya separately.

The cargo is presently stored in Rio de Janeiro, in preparation for being returned by ship, while the Libyan aircraft are still at Recife and Manaus where they were seized.

● A new secret American intelligence and covert operations unit is working alongside the Ceotral Intelligence Agency (CIA) in support of the Government of El Salvador, New York Times reports.

Government officials said that the hitherto undisclosed Army Intelligence Support Activity (ISA) was now gathering intelligence in El Salvador, in compliance with U.S. law, in support both of Government forces and the right-wing guerrillas fighting the Sandinista government in Nicaragua. It did oot have any personnel stationed in Nicaragua itself.

Jamaica ends Caricom trade freeze

BY CANUTE JAMES IN KINGSTON

THE THREE-MONTH freeze in trade between the 12 members of the Caribbean Economic Community (Caricom) touched off by Jamaica's introduction of a two-tier foreign exchange system, is to be resolved by the implementation by Jamaica of a third level of foreign exchange.

The move is expected to end the impasse which has stifled trade within the English-speaking trade grouping, although exporters in some countries still have reservations about the Jamaican move.

Several heads of government met in Barbados last weekend, with traders and government officials originally asking Jamaica to dismantle its higher level of exchange, at which regional goods are being traded.

When the two-tiered system was announced, Barbados reacted by floating its currency against the Jamaican dollar, while Trinidad and Tobago imposed licensing requirements for all Community imports.

This led to an immediate reduction in the volume of trade, with Trinidadian and Barbadian manufacturers claiming they were at a disadvantage as the Jamaican products were more competitive.

The impasse led to reduced manufacturing levels in several countries, and Jamaican exporters faced the prospect of losing markets in Trinidad and Barbados where they provided about 85 per cent of the $82m in exports to other Community countries last year.

The new arrangements by Jamaica now mean that imports of basic food, petroleum, drugs and the payment of foreign debts are being transacted at an "official" rate of exchange of J$1.78 to U.S. $1, Caribbean Community trade being carried out at the new rate of J$2.25 to U.S. $1, and all other trading at a higher "parallel" floating rate.

Jamaican exporters predictably have welcomed the news of a settlement and say they are setting about recouping an estimated $30m in lost sales to the Community. Barbadian traders, however, said they wanted all licensing systems for exports to be scrapped.

● Tony Cozier adds from Bridgetown: The agreement stipulates that import licences for Caricom goods should be used only "for monitoring purposes" and would be automatically granted within seven days of applications.

Trinidad and Tobago had thrown their Caricom suppliers into a state of confusion, causing thousands of layoffs in the garment industry in Barbados and St Kitts-Nevis, by putting all Caricom imports under licence. Antigua had followed suit.

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EUROPEAN NEWS

SPACE COMMUNICATIONS

Europeans trail behind in fledgling satellite industry

BY DAVID MARSH IN PARIS

FROM his 47th floor Parisian office in the Montparnasse Tower, Europe's tallest office block, Sig Andrea Caruso is well placed to feel the chill wind of international competition in space communications. Sig Caruso, a combative Italian, is secretary-general of Eutelsat, the 20-nation European body set up last year to handle a fledgling industry which will soon be big business—satellite telecommunication and TV transmission within Western Europe.

He is at the centre of a simmering dispute with Intelsat, the 108-country Washington-based organisation which has run international satellite communications since the first Early Bird was launched over the Atlantic in 1965.

Intelsat, which is dominated by tha U.S. with a 24 per cent voting stake, is jealous of the nascent powers nf its smaller sister. But Sig Caruso says the real issue is abont which companies—European or American—will build the communications aeteilites which will soon be sweeping the globe providing TV programmes, telepbone and video services and data transmission for European bomes and businesses.

"If it doesn't do anything, Europe will beve the services provided by somebody else," says Sig Caruso. "This is stupid. I heve seen the unused capecity at British Aerospace, Messerschmitt and Matra. It is really a pity that we have all these facilities unused because American companies like Hughes, TRW and RCA are making all the satellites for the rest of the world."

Apart from providing the satellites for Europe's own space efforts, Sig Caruso says that European aerospace companies should also be more involved in building satellites for Intelsat. Aerospatiale of France and British Aerospace have been given a role in building the latest generations of Intelsat satellites, Intelsat-5 and 6, but the prime contractors are American—Ford and Hughes.

Opportunity

"European companies have received contracts in a subordinate role to keep them quiet—but they should be given the opportunity to become prime contractors," says the pugnacious Sig Caruso. With each satellite costing $40m upwards, a great deal of money is at stake.

Under the agreement setting np the organisation last autumn, Eutelsat has been given a five year "probation period." After 1988, Intelsat will have the ability to block Eutelsat's potentially wide-ranging activities in providing international business services.

Business services will make up only a small part of the telecommunications from the two or three satellites Eutelsat plans to have operating over the next few years, which will concentrate mainly on providing TV and telepbone links. Later on, bowever, says Sig Caruso, "We expect that business services will explode.

Sig Caruso, a veteran nf nearly 40 years of experience with the Italian telecommunications authorities and in international organisations, knows Intelsat well—be was its deputy director-general for about five years until the end of 1980.

Eutelsat will have to renegotiate its activities with Intelsat in 1988 because of the clause in Intelsat's articles of agreement which proscribes countries setting up rival communication systems likely to cause Intelsat economic damage.

Disappointed

Pointing out however that Intelsat at the moment provides hardly any of Europe's international telephone traffic (oniy ebont 10 lines between London and Athens), Sig Caruso says: "Etelsat is not competing with Intelsat. We simply want to avoid Intelsat invading Europe."

The statute of limitations on Eutelsat's activities was worked out last October between the U.S. and Europe. Sig. Caruso says he was disappointed at the weak line taken with the Americans by tbe European telecommunications agencies which own Eutelsat, and which also have stakes in Intelsat.

"I was expecting someone to say — stop it, this is nonsense," he said. Now however, the Eutelsat members (headed by France and the UK with a 16.4 per cent stake each, Italy with 11.4 per cent and West Germany with 10.8 per cent) have told him to disregard the Intelsat deadline and "keep going with my plan," be said.

Eutelsat's plans have been beld up by another stumbling block which has nothing to do with international politicking—the problems of Europe's Ariane space rocket. Following the Ariane crash last September, the launch programme has been put back and Eutelsat's first satellite, ECS-1, is not scheduled to go into orbit nntil June 3, the date of the next Ariane flight.

A second satellite is planned to be launched in March 1984, with possibly e third one shortly afterwards. Around three-quarters of the available capacity of the first batch of satellites will be used to beam TV programmes to European countries, mainly in association with cable networks.

Eutelsat will also be bandling the pan-European communications of the French satellite telecommunications system Telecom-1. Planned to be operating in 1985, Telecom will provide business services for six or seven European countries.

If plans to launch the third ECS satellite are confirmed, Eutelsat will need a total of five satellites (including spares and replacements) over eight years.

Later (in about 1988 or 1989), work will bave to start on the second generation of bigger and more advanced ECS satellites planned to be operating from 1992—but only if Eutelsat is still in the market for providing business services.

OVERSEAS NEWS

Syria unlikely to withdraw Lebanon troops

BY PATRICK COCKBURN IN DAMASCUS

SYRIA IS unlikely to agree to withdraw its 35,000 troops from Lebanon now or in the near future, according to diplomats in Damascus. They also believe that yesterday'a visit to the Syrian capital by Mr Elie Salem, Lebanon's Foreign Minister, is unlikely to see any softening of Syria's position.

"The Lebanese are optimistic if they expect to echieve anything," one diplomat said yesterday. "The Syrians feel the Israelis are bogged down in Lebanon and see no reason for getting them off the hook."

Syria also feels it cannot be a party to the troop withdrawal agreement between Lebanon and Israel, negotiated dnring a two-week visit to the region by Mr George Shnltz, the U.S. Secretary of State. Damascus sees the accord as, in effect, a peace treaty between Israel and Lebanon.

This means the agreement will remain a dead letter, for the Israelis stress they will not pull out of Lebanon before the Syrians and the Palestine Liberation Organisation.

Syrian confidence baa been given a boost by greater military and diplomatic support from the Soviet Union. Further supplies of equipment hava arrived through the Northern Syrian port of Tartous.

Syria has sent a fresh brigade into Lebanon to reinforce its position in recent weeks.

But the new Soviet equipment, especially the establishment of at least two Sam-5 anti-eircraft missile bases close to Damascus end the northern city of Homs does not reduce Israel's military superiority.

The Sam-5, originally deployed in the Soviet Union in the early 1960s, is primarily for use against bigh-flying bombers. It is largely a symbol of Soviet support for Syria's president Hafez Assad and a boost to the morale of the Syrian air defences.

David Marsh reports from Paris: Prince Sultan bin Abdel Aziz, the Saudi Arabian Defence Minister, yesterday dampened U.S. hopes that his country could play e direct role in persuading Syrian troops to leave Lebanon.

At the end of a 3½-hour meeting in Paris yesterday with Mr Caspar Weinberger, the U.S. Defence Secretary, Prince Sultan said the presence of Israeli and Syrion troops in the country represented two separate issues.

Whereas withdrawal of Israeli troops was "inevitable," be said, the Syrian army had been invited in by Lebanon and its departure would also depend on Lebanese wisbes.

The Saudi Minister's remarks followed his comment in Paris on Wednesday evening, after a meeting with President Francois Mitterrand, that Riyedb would not allow itself to be used as an "instrument" of any country to exert pressure against Arab interests. The U.S. has been trying to win direct Saudi belp for the peace plan worked out by Mr Shultz.

Prince Sultan is in France for a week-long visit during which be is also discussing with the Paris Government an extension of a big arms deal first signed in 1980.

Ivory Coast builds a modern folly

BY PETER BLACKBURN IN YAMOUSSOUKRO

YAMOUSSOUKRO — Africe's Brasilia and a latter-day Versailles—has finally fulfilled its vocation tn be the capital of the Ivory Coast. Formerly an obscure village buried in the bush, Yamoussoukro owes its dramatic promotion to being the birthplace of President Houphouet Boigny, the country's aged and highly respected leader.

"A mark of appreciation from a grateful nation" was bow one Ivorian deputy described the unanimous decision of the National Assembly early this year to transfer the capital from Abidjan.

Yamoussoukro is no longer isolated from the ontside world. A roed cut through the tropical rain forest links it to Abidjan on tha coast. The 150-mile journey can be made in under 2½ bours thanks to e megnificent motorway which covers over half the distance. An excellent, if under-used airport means that it is only a balf hour flight eway.

The town bas been planned on a grand scale. The view from the flying seucer shaped restaurant balance on the 14th floor of the five-star President Hotel reveals a rolling landscape dotted with artificial lakes and crisscrossed by broed empty evenues lined by innumerable lamp posts.

While buge sums heve already been spent on wbat some outsiders regard as an extravagant folly, much more needs to be invested, notably in Government office blocks and housing for the many thousands of civil servants, who will work bere. Planners point out that in contrast to Abidjan's cramped lagoon location there is plenty of space to expand Yamoussoukro from its present population of 40,00 to 150,000 by the end of the decade.

Overcrowding and congestion were major factors prompting Abidjan's Mayor, Mr Emmanuel Dioulo, tn propose the transfer of the capital last January.

He said that Abidjan, with e population of 1.8m, rising by 11 per cent a year, was fast growing out of control. Yet when Abidjan itself became the capital in 1934, it was little more than e fishing village on a lagoon. The construction of the railway and later the port were the major factors in its rapid growth.

About half the city's population are foreigners, mainly poor immigrant workers from neighbouring West African statea and a French colony of abont 40,000. About 26,000 people live in "bidoovilles" without proper sanitation, running water or electricity.

With jobs scarce after three years of recession, Abidjan's unemployed have turned increasingly to crime. Although the problems are on a smaller scale, city officials are haunted by the spectre of Lagos in Nigeria and are anxious to avoid the creeping paralysis that bas gripped that city.

If present growth rates continue, Abidjan will bave 10m people by the year 2,000. An estimated $285m a year, ebout 40 per cent of the national investment budget, is needed merely to maintain the city's infrastructure et present levels.

Mr Dioulo's proposal therefore received unanimous support from the regional sections of the ruling Parti Democratique de Cota d'Ivoire, and there is apparently considerable popular support for the Yamoussoukro transfer.

However, there is some discontent in intellectual circles both over the way the decision was made as well as over the choice of Yamoussoukro. It is felt that the national debate was effectively one-sided and that the new capital might not be durable, given the President's age and the country's complex ethnic belance. Others will miss the bright lights and sophisticated life of Abidjan.

Some bankers are concerned about the financial implications of the transfer in a country carrying out a stringent austerity programme under IMF guidance. The country's external debt is estimated et $6bn and debt service at 35 per cent of export earnings and transfers.

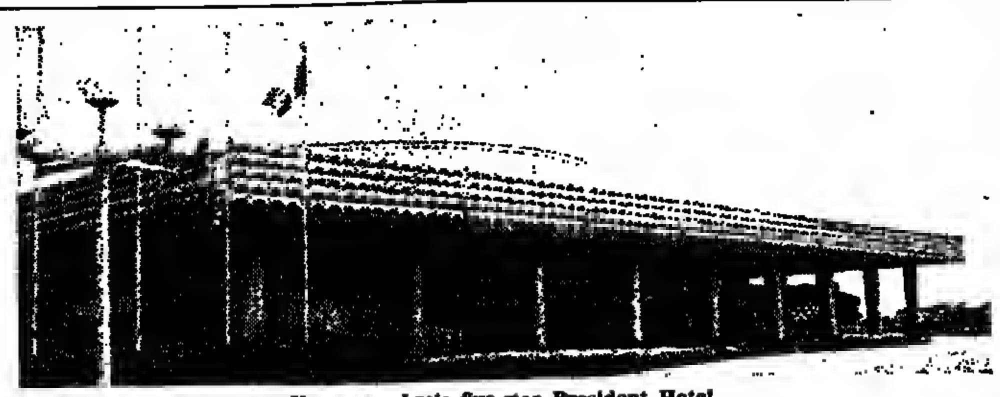
However the World Bank is understod to view the transfer favourably as it will belp amortise the beavy investments already carried out. Unlike other new African capitals, such as Nigeria's Abuja, a considerable amount of infrastructure is already in plece.

Property developers in Abidjan view the transfer with dismay. There will be much vacant office space—notably in the new "Cité Administrative"—and expensive villas with swimming pools are expected to be difficult to let.

Foreign diplomats have expressed little enthusiasm for the transfer despite the prospect of a more relaxed life style and a healthier climate. The move will also involve investment in new embassiea end staff accommodetion. Ironically, Nigerie has just laid the foundation stone of a 10-storey $5.7m chancery in Abidjan.

As Abidjen will remain the economic capital, much commuting to Yamoussoukro is likely to be necessary to see the Government officials based there; foreign businessmen point to the extra expense and time that this will involve.

A timetable for the transfer bas still to be fixed, but it is understood thet it is likely to take place progressively over several yeers.



Yamoussoukro's five-star President Hotel.

Nigeria task force to tackle shortages

LAGOS — Nigeria bas set up a task force to tackle shortages and soaring prices of consumer goods in the country, Mr Adamu Ciromo, Agriculture Minister, said yesterday.

Mr Cirome, a former Central Bank governor, said be and other members of the task force bad met and drawn up a list of items in short supply.

Locally-manufactured soaps, detergents, toiletries, tyres, tubes and drugs were among the scarce goods. Imported milk, milk powder, vegetable oils, baby foods, vehicle and industrial spare parts and newsprint were elso in short supply.

Mr Ciroma did not say by how much prices had gone up bnt local newspapers have reported increases of as mueb as 100 per cent in the past five months.

The task force would speed the issue of i r ort licences tn importers of raw materials and essential goods to cosure tbey were availoble in sufficient quantity.

Reuter

'Front line' leaders hold one-day summit

DAR-ES-SALAAM — Leaders of black African "front-line" states opposed to white rule in South Africa began arriving bere yesterday for o surpriso one-day aummit.

The beads of the "front-line" nations—Tanzania, Zimbabwe, Zambia, Mozambique, Bostwana and Angola—are expected to discuss the issue of independence for Namibia (South West Africa) and alleged South African destabilisation in Southern Africa.

The meeting, called at short notire, will be chaired by Tanzania's President Julius Nyerere. Reuter

Japan says Asean understands need to boost defence outlay

BY CHARLES SMITH, FAR EAST EDITOR IN TOKYO

LEADERS of the five-member countries of tho Association of South-East Asian Nations (Asean) havo expressed "clear understanding" of Japan's policy of spending more on its own defence, the Japanese Foreign Ministry said yesterday.

The Ministry was commenting on the 11-day visit to Indonesia, Thailand, Singapore, Malaysia and the Philippines just concinded by Mr Yasuhiro Nakasone, Jopan's Primo Minister. Mr Nakasone also visited the Sultanate of Brunei.

The Ministry said Mr Nakasone had tried hard to remove previous misconceptions on the issue of Japanese defence.

He had stressed that Japan's policy was to spend only the "minimum amount" needed to guarantee its security against attack, although bo left open the possibility that this might turn out to be substantially more than Japan has been spending recently.

A better understanding by South-East Asian leaders of Japanese defence policies was one of several "positive results" of the Nakasone tour, in the view of Foreign Ministry officials.

The others included greater efforts by Japan to open its market by expanding lis system of preferential tariffs on manufactured products imported from developing countries, and increased foreign aid in the form of specific commitments to four out of five Asean member-countries.

Mr Nakasone was also said to have offered to "speak for" Asean at tha Williamsburg summit of industrialised countries at the end of this month on issues reloting to North-South economic relations. The offer was welcomed by Asean heads of government.

Another Jopanese proposal accepted by the Asean governments was for a ministerial conference between Japan and the Asean nations on the exchange of science aod technology.

Mr Nakasone's visit to Asean has been billed as o success by most Japanese commentators, particularly in view of progress towards a better understanding on the defence issue.

Tha Prime Minister failed however to respond positivoly to a request for help in the development of Indonesia's defence industries. Ho olso seems to have left open the question of whether the Japanese Government will agree to convert to equity its loans to the ambitious Sumitomo petrochemical project in Singapore.

The Sumitomo project is expected to incur heavy losses after it comes on stream this summer, partly because of s delay in the opening of one of the project's downstream facilities.

C. ITOH has become the first of 11 of Iran's Japanese crude oil customers to enter into a new contract to replace those which expired at the end of March, but the volume involved is less, Richard Johns writes.

It is to buy 20,000 barrels a day at the official selling price of $28 for Iranian Light and $26.90 for Iranian Heavy compared with 50,000 b/d under tha contract which expired six weeks ago.

Australian security inquiry

BY COLIN CHAPMAN IN CANBERRA

THE AUSTRALIAN Government last night announced a Royal Commission into the nation's security and intelligence services.

The inquiry will cover ASIO, the domestic security service, ASIS, the top-secret foreign intelligence organisation, and the specific activities of Mr Valeri Ivanov, the expelled Soviet spy, and Mr David Combe, former national secretary of the Australian Labor Party, whose name was linked with that of Mr Ivanov by Mr Bob Hawke, the Prime Minister, earlier this week.

● Australia's Treasurer, Mr Paul Keating, said last night the Government would be shortly reviewing foreign investment guidelines with a view to tightening rules on property, manufacturing industry and the services sector.

Mr Keating said in a radio interview the Government would be looking at equity guidelines

Lloyds Bank fined for observing Arab boycott

By Maurice Samuelson

LLOYDS BANK International has fallen foul of the U.S. prohibition on compliance with the Arab boycott.

According to the U.S. Commerce Department, the bank's New York City branch has agreed to pay a fino of $25,000 for allegedly implementing letters of credit containing Arab boycott provisions, in violation of the Export Administration Amendment Act. Lloyd's head office in London has refused to comment on the case.

The Act requires U.S. persons to report to the Commerce Department all requests to support a boycott against a country friendly to the U.S.

On March 1, the Department complained to the bank about anti-Israel boycott clauses in documents covering exports to several Arab countries between 1979 and 1981.

One of them was a letter of credit, issued by the bank's Bahrain branch, specifying "that the goo&s are neither of Israeli origin nor do they contain Israeli materials nor are they being exported from Israel."

The Department subsequently announced that Lloyd's had agreed to pay a civil penalty of $25,000 for having allegedly implemented two letters of credit containing conditions prohibited by U.S. negotiations.

Lloyd's also agreed to take corrective measures to ensure its future compliance and to report tho measures to the Commerce Department within six mooths.

Comprehensive logislation against foreign boycotts was introduced in the U.S. by the Carter Administration in 1977.

Its main effects are exemplary rather than punitive, with penalties rarely exceeding those paid by Lloyds Bank.

In the year ending September 30 1981, the last full year for which figures are available, some 2,000 U.S. companies reported receiving about 50,000 requests from abroad to engage in restrictive trade practices, tha vast majority connected with the Arab boycott of Israel.

$870m COMMITTED TO EIGHT PROJECTS

World Bank finds a role in China

BY COLINA MACDOUGALL IN WASHINGTON

GROWING TIES between China and the World Bank are reflected in forthcoming visits to Peking by top Bank officials.

Mr A. W. (Tom) Clausen, the World Bank presidont, will make his first visit to Peking in his current post later this month for talks on furthering the bank's involvement.

This will follow immediately a trip by Mr Caio Koch-Weser, chief of the bank's China programmes division, which begins this week.

New projects now under discussioo, Mr Koch-Weser said, include urban development in Shanghai, such as anti-pollution measures, housing, water supplies and bealth care.

On his return to Washington, Mr Koch-Weser will stop in London on June 6 for talks with British trada officials and businessmen on opportunities in China in World Bank sponsored schemes. Theso now number eight, for which $870m has been committed. In the energy field, where $260m is being spent, two coal projects in Shanxi Province, the Luan and the Jing-Chan mines, are thought particularly likely to interest British mining machinery companies.

The World Bank development at the mines is expected to boost production by 8m tonnes.

Other energy projects inclnde raising output at the Daqing and Zhongyuan oil fields, in Heilongjiang and Anhui provinces respectively where the rate of return on investment are expected to grow enormously, Mr Koch-Weser said.

On top of that thore will be a number of important hydropower projects. "Wa will see major involvement in energy for the future," Mr Koch-Weser added.

Other sectors receiving World Bank loans are currently port and railways ($125m) agriculture ($140m) and education ($275m).

To improve Chinese management, the bank, together with China's ministry of finance, is now running an economic development institute in Shanghai which bas already trained hundreds of officials.

The new institute has begun training with CIB officials in investment appraisal, using methods such as shadow pricing, hitherto unknown in China. This has roused keen interest in the Chinese academy of social sciences. tha Government's economic think-tank.

Mr A. W. Clausen: to visit Peking.

In China's sensitive political climate, where foreign involvement is sometimes viewed as ideologically suspect, the bank has faced problems with officials unwilling to divulge economic information. But bank officials believe that the development that future loans could bring will convince them of the valua of the bank's rola.

Funds borrowed so far have been a mixture of long-term no-interest loans from tha International Development Agency (IDA) branch of the bank and the International Bank for Reconstruction and Development (IBRD), where interest rates are normally about 10 per cent and the repayment period 15-20 years.

But the size of funds availabla to the IDA in future is uncertain and China will be competing with areas such as sub-Saharan Africa whose needs are greater. "China can afford now to borrow from IBRD or even from commercial banks," said one official, "but once it starts to buy foreign equipment under its modernisation programme its present $13bn foreign exchange reserve will quickly disappear.

Kobe Steel to build aluminium mill in Bahrain

By Mary Frings in Bahrain

KOBE STEEL of Japan has won a $200m contract to build a 40,000-tonnes-a-year hot and cold aluminium rolling mill in Bahrain. Its major competitor for the project was Davy McKee of Britain, although IHI of Japan was also short-listed from among the 10 contractors which submitted bids last December.

A letter of intent was signed at a televised ceremony in Bahrain this week by representatives of the joint-venture Gulf Aluminium Rolling Mill Company (Garmco), whose shareholders are Bahrain, Saudi Arabia, Kuwait, Iraq, Qatar and Oman.

According to market studies carried out by the Doha-based Gulf Organisation for Industrial Consulting (GOIC), it could meet 40-50 per cent of regional demands for aluminium building sheet, foil stock and general coil and flat products, and encourage the manufacture in the Gulf of truck bodies, soft drink cans, kitchen utensils and other consumer goods which are currently imported.

Japan's shipyards suffer 48% drop in new orders

BY ANDREW FISHER, SHIPPING CORRESPONDENT

JAPAN, the world's leading shipbuilding country, suffered a 48 per cent drop in new ordors to 4.35m gross tons in the 1982-83 fiscal year to March 31 as a result of the worldwide shipping slump.

The Ministry of Transport in Tokyo said that the order backlog at the end of March was down from 444 ships totalling 11.32m tons the year before to 371 ships totally 8.57m tons.

Heavy ordering by Sanko Steamship, a leading Japanese shipping company, and by Greek owners has given Japan's shipbuilding industry a lift in recent weeks and prices have started to move up again.

The bulk of Japan's shipbuilding business is for export, and newly ordered tonnage in 1982-1983 for foreign owners fell from 5.32m tons to 2.64m. Domestic orders collapsed from 3.06m to 1.71m tons.

● Ishikawajima-Harima Heavy Industries of Japan said it has secured or is negotiating for orders to build 14 handy type and economic combination carriers for several Greek firms, Reuters reports from Tokyo.

Phosphates bids invited

BY FRANCIS GHILES

MOROCCO'S state phosphate company, Office Cherifien des Phosphates (OCP), is expected to send out tender documents for a major fertiliser complex, Maroc Phosphore 3 and 4, later this month. Companies will be short-listed by the end of the summer and contracts should be awarded before the year is out.

Two separate contracts will be awarded: the first will include two 100,000 ton per year superphosphoric acid lines; the second, one unit each to produce diammonium phosphate, triple superphosphate and ammonium sulphate and ammonium phosphate.

BAe sells three Jetstreams to U.S. airline

By Michael Donne, Aerospace Correspondent

BRITISH AEROSPACE has won a £5m contract for three of its Jetstream 31 twin-engined turbo-prop light transport aircraft from Atlantis Airlines of Florence, South Carolina. The U.S. airline has taken an option on a fourth Jetstream.

The deal brings firm sales of the BAe Jetstream 31 to ten aircraft, with reservations on the production line from other customers for a further 12 aircraft.

● Boeing of the U.S. has won a contract from Southwest Airlines of Texas for three Boeing 737-200 twin-jet airliners, worth over $90m including spares. This brings Southwest's fleet of 737s to 55 aircraft.

● International Lease Finance Corporation of Los Angeles is buying five McDonnell Douglas DC-9-51 jets—three from Swissair and two from Austrian Airlines, for $55m. The company has an option to buy another 12 DC-9-51 jets from the two airlines.

U.S. seeks to ban robot sales to Soviet bloc

By David Buchan, East Europe Correspondent

THE U.S. is proposing that advanced industrial robot technology be put on the list of items whose sale to the Soviet bloc is restricted by the Paris-based Co-ordinating Committee (CoCom), according to reports from Japanese industry in Tokyo.

Japan is a world leader in industrial robots, and the U.S. is believed particularly to want to curb the transfer of technical information on high-performance robots and their control devices to the Soviet Union.

The Reagan Administration has suggested that CoCom, which groups Nato countries and Japan, should proscribe certain "militarily critical" technologies for sale to the Soviet bloc, rather than issuing lists of individual restricted products.

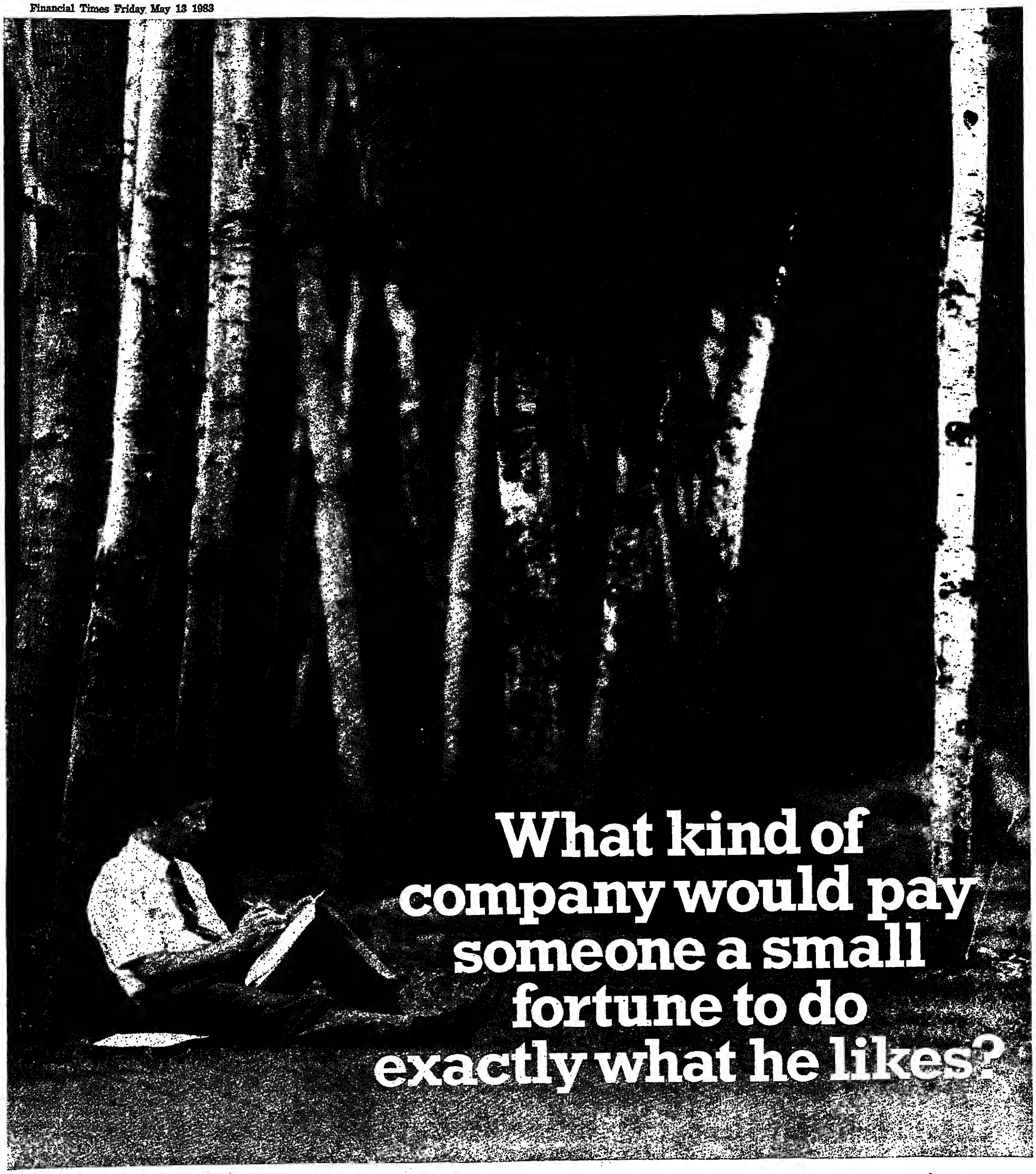
The Soviet Union has made expansion of robots in its industry, from 3,000 last year to a target of 100,000 by 1986, a major priority in its current five-year plan, and it signed a specialisation agreement in industrial robotics with its Comecon partner in June 1982. Nevertheless, Soviet Press accounts show that the Soviet industry is having problems in introducing this form of automation.

K. K. Sharma in New Delhi writes: Russia yesterday agreed to give cheap credits worth Rs 1.4bn (£100m) to India for the second stage of tha steel plant now being built at Vishakapatnam, Andhra state, with Soviet help.

The credit is intended to be used to import Soviet capital equipment for the steel plant and is nearly half the amount that offered by Russia in official talks held earlier this year.

This suggests that India has taken note of strong criticism by Indian engineering companies of the Russian capital equipment being imported for the first stage of the plant. The companies have maintained they are capable of supplying the equipment ordered from Russia.

The agreement on the credit was signed by the visiting Soviet first deputy Prime Minister, Mr I. V. Arkhipov, and India's Finance Minister, Mr Pranab Mukherjee, as part of efforts to increase imports from Russia to offset a large trade surplus in favour of India.



ITT would.

For some time, we've been concerned that scientists and engineers, the very lifeblood of a technology-based company like ITT, rarely seem to reach the very highest echelons of management.

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Even if all he wants to do is put his feet up, all by himself, and think.

Naturally, we wouldn't make this kind of offer to any ordinary scientist.

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He'll have all the back-up he needs.

And he'll no doubt prove yet again that an original idea starts in an original mind.

The best ideas are the ideas that help people. ITT

UK NEWS

Alliance draws up plans for a 'fresh start for Britain'

BY PETER RIDDELL, POLITICAL EDITOR

A PROGRAMME of moderate reflation, incomes policy and constitutional reform was outlined yesterday by the Social democratic party Liberal Alliance as a "fresh start for Britain."

The 34-page manifesto, entitled a Joint Programme For Government, came out as fresh evidence appeared of a huge Conservative lead in the opinion polls.

Conservatives have a lead of 21 per cent according to a Lou Harris poll for Thames Television. The poll conducted in the last two days, gives the Tories 52 per cent, Labour 31 per cent and the Alliance 17 per cent. This follows a Gallup survey over the weekend which gave the Tories a 17½ per cent lead.

The Alliance manifesto was launched yesterday at a lacklustre press conference with neither of the two party leaders present. The main theme was that the Alliance offers a way out of the class-based policies and lurches of policy. The manifesto is presented as a radical programme rivalling the Liberal Government of 1906 and the Attlee Administration of 1945.

The programme was apparently agreed with few problems by the party leaders. This is because Social Democrats and Liberals are broadly agreed on the need for moderate reflation, incomes policy, constitutional reform, industrial partnership and support for the EEC.

THE ALLIANCE manifesto proposes:

- **Public investment, tax cuts and work schemes to cut unemployment by 1m over two years, raising public sector borrowing to £11bn**
- **An agreed pay and prices policy with, if necessary, a stop-gap statutory incomes policy.**
- **Cancellation of Trident and Polaris to be included in Geneva arms talks.**
- **Full UK membership of European Monetary System; expansion of EEC regional and social activities.**
- **No new nuclear power stations at present.**
- **Phasing out of married man's tax allowance to finance more help for children, pensioners, unemployed and disabled as first step to integration of taxes and benefits.**
- **Tax relief on mortgages for house purchase eventually to be related to individual incomes. Meanwhile, relief at basic tax rate only.**
- **Proportional representation based on multi-member constituencies; single transferable vote for elections to Parliament.**

The most delicate issues were defence and nuclear energy the manifesto includes some careful wording to minimise differences. On defence, it highlights the agreed policy of multilateral disarmament

It suggests that Polaris should be included in new disarmament talks at Geneva, while not mentioning the Liberal plan phase it out. Similarly, the document suggests that a decision on whether or not to oppose the deployment of cruise missiles in Britain (as argued by the Liberials) should be left until there is a clearer indication of the negotiation position of the Soviet Union and the U.S., and depending on whether arrangements for a double safety catch system had been agreed. This postpones difference since the Liberals are strongly opposed to the deployment of cruise.

The Alliance says it is unashamedly internationalists. "We cannot live in a bunker. We are for a British lead in Europe, for multilateral disarmament and for a new drive to increase our own prosperity by cooperating with others to reduce poverty and squalor throughout the world. We offer reconciliation at home and constructive leadership abroad. We are not ashamed to set our sights high."

It says an Alliance government would make Britain a full member of the European Monetary System in order to iron out wild fluctuations in the exchange rate. Further, it says it is wholly committed to continuing Britain's membership of the European Community.

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Labour attacked by Heseltine over defence

BY MARK MEREDITH AND OUR POLITICAL STAFF

MR Michael Heseltine, the Defence Secretary, charged yesterday that Labour's defence policies presented the British public with their most dangerous ever gamble.

Mr Heseltine was speaking at the Scottish Conservative Party conference in Perth, which has taken on the look of a campaign launching pad for the June 9 election. Mrs Margaret Thatcher, the Prime Minister, is due to address a rally at the conference this evening.

The Defence Secretary assailed Mr Michael Foot, the Labour leader, for his decision to write to the Soviet leadership on the subject of defence.

"It stretches my credulity to near breaking point to be asked to rely on Michael Foot for the defence of this nation," he said. "To expect me to trust the conquerors of Afghanistan in a bid to secure election of today's Labour Party is to insult the good sense of the British people."

The present Labour leadership was in stark contrast to the moderate and sensible defence policies of post-war Labour governments, he said.

"Year after year we have watched the hard left grasp power at Labour conferences. They now seek power in this general election," he said. "What clearly emerges is that current Labour policies add up to the most dangerous gamble the British people have ever been invited to take."

Mr Heseltine attacked the "high profile media tactics" of nuclear disarmers and later said he refused to give these groups the publicity they sought by agreeing to debate openly with them.

In the House of Commons yesterday, Mrs Thatcher indicated that inflation might resume an upward course later this year at a slower pace than was forecast in the March Budget.

Replying to questions for the last time before the general election, she highlighted the strength of Britain's *"absolutely superb"* export performance. She refused to be drawn into predicting when unemployment was likely to fall.

Mrs Thatcher said she believed inflation forecasts were being marked down. "That is to say prices are not going up as rapidly as was thought when Sir Geoffrey Howe, the Chancellor of the Exchequer, gave his budget forecast."

Pressed by Labour MPs to reveal the Government's latest estimate of inflation at the end of the year, the Prime Minister answered: "If you wait for a few more months you will be able to see."

Scargill bubbles with socialist enthusiasm

BY JOHN LLOYD, LABOUR EDITOR

"What will you do if the Tories win, Arthur?"

"My attitude would be the same as that of the working class in Germany when the Nazis came in. Just because they've won it doesn't mean you accept it. We would oppose them."

Thus Mr Arthur Scargill, president of the National Union of Mineworkers Labour's most unquenchable star, at the start of the election campaign – brighter and smarter then ever after his executive's first meeting in the NUM's new Sheffield base.

From the capital of the socialist republic of South Yorkshire, matters take on a different perspective from, say, the morning's Gallup opinion poll showing Labour dragging 17.5 per cent behind the Tories.

"I am confident," Mr Scargill said, "that people have had enough of this woman – enough of unemployment – enough of the Common Market. We will do everything in our power to make sure not only that Labour is re-elected, but is re-elected by a substantial majority."

This heady stuff excited the BBC, who asked Arthur how he felt looking out of the windows over Sheffield's steel mills instead of London, where the NUM was based before.

Mr Scargill switched from militant prose to militant poetry with disconcerting speed. "I can see the dales of Derbyshire and the moors of Yorkshire," he said, while the cameras whirred, "and a marvellous vista of Britain's industrial heritage."

He noted that the union's executive had approved £125,000 to the Labour Party's campaign fund and a further £1,000 each to the NUM's 15 sponsored candidates.

The NUM had earlier paid £100,000 to the fund, on top of £150,000 in early affiliation fees. Yesterday's contribution brings their campaign total to a relatively high £240,000 – together with the priceless boon of Arthur on the hustings.

"I shall be speaking at Bradford... Sheffield... Coventry... wherever the party determines." He disclosed he had been asked by a constituency party to become its MP (no names) but had declined: "I am totally dedicated to the National Union of Mineworkers and shall not be deflected from that."

Conservatives to set property tax limit

BY ROBIN PAULEY

A NEW Conservative Government will force local authorities to stop levying rates – property taxes – on empty industrial premises and will impose a rigid limit on rate rises for a few high-spending socialist councils.

The measures will form the basis of early legislation, if the Government is returned to office.

Mrs Margaret Thatcher, the Prime Minister, had favoured a sales tax to supplement or even replace the rates. But this has been dropped as it could not be introduced soon enough and could be against EEC rules.

A Cabinet committee, which she chaired, has now decided to take powers to allow the Government to dictate a rate level to any local authority and to replace the discretion to de-rate empty industrial property with a mandatory instruction to do so.

The committee also proposes that the Greater London Council and the six English metropolitan counties will, as expected, be abolished, and an urgent report on the division of services among districts is being prepared. The Inner London Education Authority will be retained.

The move towards de-rating is a token of the Government's sympathy for non-domestic ratepayers, particularly in industry, about the rates burden. Some recession-torn companies have taken roofs off empty premises during the last year to avoid paying rates.

The move to limit the rates of some councils is more controversial. It is certain to provoke an outcry over its constitutional implications.

Audit Bill approved

BY OUR PARLIAMENTARY STAFF

A BILL to reorganise public sector audit and place it under clear parliamentary control unexpectedly became law before the dissolution of Parliament.

Its passage is seen by MPs as an important extension of parliamentary scrutiny over government.

The Bill, sponsored by Mr Norman St John Stevas, Conservative MP, looked likely to become one of the many victims of the election. But, after behind-the-scenes lobbying by Mr Stevas, it passed through its remaining stages in the House of Commons late on Wednesday night. It went through the House of Lords yesterday.

The new Act contains important changes to provide statutory backing for inquiries into the economy, efficiency and effectiveness of central government by the Comptroller and Auditor-General.

It also establishes an independent National Audit Office to take over from the Exchequer and Audit Department, and to come under a commission of MPs and the Leader of the Commons.

The Bill was substantially modified during a controversial committee stage, when proposals to extend the Comptroller's remit to include nationalised industries were dropped because MPs failed to agree on the form of changes.

The outcome is a personal coup for Mr St John Stevas, who, when Leader of the Commons, brought in many parliamentary procedural reforms.

Thatcher attacks proposed pay rise for MPs

BY BRIAN GROOM, LABOUR STAFF

LORD PLOWDEN's Review Body nn Top Salaries yesterday recommended pay rises of between 28 and 47 per cent for Cabinet Ministers, 30 per cent for MPs, and an average of about 12 per cent for top civil servants, judges and senior officers in the armed forces.

Decisions on these highly sensitive recommendations will not be made until after the general election. However, Mrs Margaret Thatcher, Prime Minister, told the House of Commons yesterday: "So far as the proposed salaries for Cabinet Ministers are concerned, members of the Cabinet take the view that the increases proposed are of a magnitude which they could not possibly accept, and trust that Members of Parliament will taka a similar view about recommendations affecting their own salaries."

This statemeot may fend off possible public hostility to the proposed increases during the general election campaign, but it runs counter to the urgings of the review body, and is likely to leave some MPs unhappy.

The Prime Minister gave no indication of the Government's response to the recommendations for civil servants, judges and officers. These are made in a separate report. They comprise a shortfall of nearly 5 per cent on last year's recommendations, plus new average increases of 6.9 per cent.

The report on MPs and ministers acknowledges that the proposals will be criticised, but urges the Government and Parliament not to be deterred from implementing them.

"To fail to do so, far from serving the national interest can, in the longer-term, only damage it by placing at risk the continuing quality and standing of those charged with the vital business of government and legislation by producing yet further catching-up problems such as those which have confronted us in this review," it says.

Under the recommendations, the Prime Minister's pay would rise to £65,000 a year from £46,660, Cabinet Ministers £55,000 (£37,000), and Lord Chancellor £62,000 (£52,500).

MPs' pay would rise to £19,000 (£14,510), and that of the Leader of the Opposition to £50,000 (£35,035).

The report on civil servants, judges and officers also argues that "to award salaries less than these would fail to do justice to those carrying the onerous responsibilities of the most senior positions in the Civil Service, the armed forces, and the judiciary."

High Court judges' pay would go up to £48,000 (£42,500), circuit judges £31,000 (£27,750), and the Lord Chief Justice £60,000 (£52,500).

● The Government has accepted a recommendatioo to increase armed services pay by an average of 7.2 per cent. It will increase the total services pay bill by £164.8m.

Fresh bid to settle air 'conspiracy' dispute

By Michael Donne

FURTHER TALKS between UK and U.S. civil aviation officials will be held in London on May 23 and 24, in an attempt to settle the still-simmering row over tha U.S. Justice Department's plan to take anti-trust action against British Airways and British Caledonian Airways.

The Justice Department believes that those two airlines, along with others, both U.S. and foreign, conspired to drive Laker Airways off the North Atlantic air route early last year, by agreeing on cheap fares, in contravention of the U.S. anti-trust laws.

The UK airlines, and the Department of Trade, have rejected the allegations, and have further argued that North Atlantic civil aviation matters are covered by the Anglo-U.S. Bermude Two civil air agreement and are not within the Justice Department's jurisdiction.

This view is equally firmly rejected by the Justice Department, however, which claims it is a matter of U.S. internal concern, and therefore a proper subject for an anti-trust investigation.

U.S. company plans to invest £10m in computer operation

BY RAYMOND SNODDY

A U.S. computer company is to invest £10m in a new research and development and manufacturing plant in Hemel Hempstead, Hertfordshire, which will create 500 new jnbs over the next 12 months.

The Computer Machine Company (CMC) which employs nearly 1,000 people in the UK is ultimately owned by McDonnell Douglas, the U.S. aerospace group.

CMC, which plans to change its name to Microdata, in line with its immediate U.S. parent Microdata, of California, also announced yesterday that its 1982 sales had risen by 55 per cent to nearly £35m. In the same period profits rose from £1.8m to £3.4m.

This compares with a small loss for Microdata's U.S. operation on sales of $76m, although this was largely the result of a change from OEM (Own Equipment Manufacturer) to end-user selling. Microdata specialises in mini and supermini database and distributed processing systems.

Exports of British-built minicomputers from Hemel Hempstead rose by 80 per cent last year to top £8m, including £1.2m worth of exports to the U.S.

The company also said it was within 12 months of marketing "artificial intelligence" software which would enable anyone to use even the most advanced computers in "conversational" language.

Mr Irvin Ella, Microdata's senior vice-president for research and development who is based in Hertfordshire, said yesterday that the software was running on machines at Hemel Hempstead.

More than £6m had been invested in developing the software in the UK and California. The system called Supernatural uses pattern recognition techniques to help the user find the information they want without special code words or computer programming.

The Hemel Hempstead company said yesterday that subsidiaries have started trading in Germany and Switzerland within the past 12 months, and that eight more were being set up in Europe.

Most of the products for the new European outlets would be manufactured in Britain.

Mr Kenneth Baker

Early start for cable TV pledge

CABLE broadcasting will go ahead as soon as possible after the general election d the Conservatives win, according to Mr Kenneth Baker, the Minister for Informatinn Technology.

Mr Baker said that during the election the Government could nnt issue the 10 to 12 interim licences, covering 100,000 homes, as announced at the end of last month.

He said: "after we have won the election we intend, with Parliament's approval, to issue these licences as soon as possible, and ease the controls nn existing cable operators. In this way the momentum for the cabling of Britain will be maintained."

Linfood cleared for new Fitch offer

BY RAY MAUGHAN

LINFOOD was yesterday given clearance by the Monopolies and Mergers Commission to make a new offer for Fitch Lovell, the supermarkets, food wholesaling and manufacturing group.

The commission's findings yesterday were accepted by Lord Cockfield, Trade Secretary, who also supported the advice of the Office of Fair Trading (OFT) that the £34.8m offer by Safeway Food Stores, the British arm of the U.S. supermarket chain, to buy Key Markets from Fitch would not require mnnopolies examination.

Under the rules of the City of London takeover code, Linfood, which takes in the Gateway, Dee and Carrefour food retailing operations, must decide within three weeks whether it wants to make a new bid for Fitch.

But Linfood has already edvised that it will make a "firm nffer" worth £37.8m fnr Key Markets, and has urged Fitch's sharehnlders to vote against the original agreement with Safeway at an extraordinary meeting on May 20.

Linfood has made it clear that it will not bid for Fitch if Key Markets is sold to Safeway, but has otherwise "left its options completely open" ahead of the extraordinary meeting nf Fitch shareholders.

Safeway already has a legal agreement to acquire Key Markets subject nnly to the consent of Fitch sharehnlders. However, a spokesman fnr Samuel Montagu, the merchant bank advising Safeway, acknowledged that the contract is not binding nn sharehnlders and felt that "price will be the principal determinant."

The U.S. group in now considering its positinn and, given the scarcity value of established retail chains in an increasingly concentrated merket, will examine the feasibility of matching Lindfood's terms.

The OFT has not formally cleared Linfood's nffer fnr Key Markets, but the cnmmissinn has already indicated that, in view nf the need to maintaio competition against Tesco, Sainsbury and Asda, the dominant supermarket groups, there may be some advantage in Key Markets being acquired by Linfood.

The monnpolies report, however, was submitted before either Linfood or Safeway had made offers for Fitch's chief retail operations.

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British shipyards win orders worth £300m

BY ANDREW FISHER, SHIPPING CORRESPONDENT

ABOUT £300m of much-needed merchant and naval orders are on the way for British Shipbuilders (BS), which has said at least 6,000 people will have to be laid off during the present severe slump.

State-owned BS yesterday announced orders worth more than £40m to build two merchant ships for Mexico. The British Ministry of Defence also said two more Type 22 frigates would be ordered later this year.

BS is expected to announce losses of £70m or more in July for the financial year to March 31 1983. It has asked the Goverment for special help to tide it over the shipbuilding crisis.

The Mexican order for two ships of 45,700 deadweight tonnes each was placed by Transportacion Maritima Mexicana. They will be able to carry containers or bulk cargoes. The ships will be built by Sunderland Shipbuilders, a BS subsidiary, and will provide work for 1,200 workers over two years. One is an upgrading of an earber order for a 44,250 dwt vessel worth £20m.

Finance of about $61m is being arranged for the Mexican deal by Grindlay Brandts of London. The Export Credits Guarantee Department will guarantee it, the first time it has done this for large loans for a Mexican borrower since that country's financial crisis.

The UK frigate orders were announced in a parliamentary answer by Mr Ian Stewart, under secretary at the Ministry of Defence. One is the fourth replacement for ships sunk in the Falklands and the second is an addition to the present naval programme.

Tenders will be invited this summer. Four Type 22s were ordered last December, two each of the £130m ships being built by Yarrow, in Scotland, and Vosper Thornycroft, in Southampton. BS wants Cammell Laird on Merseyside, where 1,400 jobs are threatened, to build one of the frigates.

Print union agrees to use of word processors

THE NATIONAL Graphical Association (NGA) has concluded an agreement with Williams Lea, a leading City of London financial printer, which will enable the company to handle material originated on customers' word processors.

Technological changes are increasingly rendering the typesetting stages of printing redundant, and the agreement marks an important breakthrough for the whole UK printing industry.

The NGA, a leading UK print union, has traditionally been unwilling to accept work unless it has been hardled by its members throughout all its stages. Under the Williams Lea agreement – which is the result of negotiations lasting two years – the company will be able to print from material produced by typists in offices and elsewhere.

British Telecom deal for STC

STANDARD Telephones and Cables (STC) has won a contract worth more than £25m to computerise British Telecom's directory inquiry service. About half the contract for terminals, computers and software, will be supplied from the U.S.

The system was developed by Computer Console of Rochester, New York, and is already being used by a number of telephone administrations, mainly in the U.S. STC won the order in competition with ICL, Britain's leading computer company, IBM, and Digital Equipment.

Bank fees worry

BANKS must try to improve the proportion of income they earn from fees and commissions as a result of the dwindling size of current account deposits, Mr Owen Rout, a general manager at Barclays Bank, says in the latest issue of Barclays Briefing.

In the early 1970s more than half the sterling deposits of the banks were in cheque accounts, but the proportion has dwindled significantly, he says. Last year at Barclays only 27 per cent of the bank's funds came from cheque accounts.

Grants raised

RISES of about 4 per cent in undergraduates' grants for 1983-84 were announced yesterday. The National Union of Students said the rises were inadequate, and in real terms would leave students 11 per cent worse off than they had been before the Conservatives took office in 1979.

Dispute ends

INDUSTRIAL action by telephone engineers in Whitehall, the Bank of England and the Stock Exchange, was called off yesterday by the executive of the Post Office Engineering Union after the fall of the Government's Bill to privatise British Telecom.

Car output drops

CAR PRODUCTION in April was down substantially on the earlier months of this year, mainly as a result of disputes at Ford and BL plants. Output is put at 76,000 units against 85,000 in March and 82,000 in February, but production was 15,000 up on April last year.

Heat-saving aid

INDUSTRIES planning to recover waste heat for energy supplies are to be provided with up to £3m worth of Government aid under a new scheme announced yesterday. The aid, over a three-year period, is to be used by companies to employ consultants.

Falklands halt

THE controversial House of Commons inquiry into the future of the Falkland Islands has been abandoned because of the general election.

The Foreign Affairs Committee will not publish a report but will place all the evidence from its six-month-long inquiry before the new committee to be set up by Parliament after the election.

UK NEWS

Case against Danish businessman must continue, court rules

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

EXTRADITION proceedings against a Danish businessman, Mr Jan Bonde Neilsen, who faces a fraud charge in Denmark, must continue, the High Court ruled in London yesterday.

Lord Justice Robert Goff said that Mr Neilsen was accused, under section 280 of the Danish Criminal Code, of having fraudulently abused his position as controlling shareholder of a company called Gredana to rescue another company he controlled – Egtofte Industrie – from financial difficulties.

On the application of the Danish Government, the court quashed a decision of the Chief Metropolitan Magistrate at Bow Street, London, last September to discharge Mr Bonde Neilsen, the former managing director and controlling shareholder of the Burmeister and Wain shipbuilding group, under the Extradition Act.

The High Court accepted the Danish Government's contention that the magistrate applied the wrong legal test in deciding that Mr Bonde Neilson was not accused of an extraditable offence.

He was alleged to have caused Gredana to purchase certain shares from Egtofte at an inflated price and upon onerous terms – the total purchase price being nearly DKr 100m ($11.4m) – and to lend Egtofte about DKr 13m without security.

The magistrate should not have concerned himself with what name was given to a particular offence under Danish law, but only with whether the conduct complained of came within the Extradition Act and the Anglo-Danish extradition treaty, the Danish Government contended.

Plea for independent satellite TV group

BY RAYMOND SNODDY

A CONSORTIUM of existing independent companies should be allowed to run an independent satellite broadcasting service, the Independent Broadcasting Authority (IBA) has said. This would ensure the franchise holders did not face IBA-generated competition from space during the life of their contracts.

The IBA made clear, in proposals to the Home Office, that while it awaits the necessary legislative changes, it would enter into negotiations for a satellite channel to be provided.

It has earmarked funds for a launch slot to be made available as soon as possible after the changes.

The IBA argues that there should be a phased development of Britain's three unallocated direct broadcast satellite (DBS) channels. The first two have already gone to the BBC.

The IBA believes it should be responsible for one channel due for launch in the mid-1980s and for a second in 1990, or soon afterwards.

No decision on the IBA satellite proposals will now come before the general election. An expected statement on the technical standards for the receiving equipment for DBS, awaited by UK manufacturers, will also now have to wait until at least June.

Beefing-up campaign by Burger King

By William Dawkins

BURGER KING, the world's second largest restaurant chain and creator of the celebrated "whopper" hamburger, announced plans yesterday for a major onslaught on its loss-making European operations.

The group, which has nine restaurants in the UK, against the 100 run by its chief rival, McDonald's, aims to open another 50 to 60 during the next three or four years.

It intends to expand its total European operation from 60 restaurants to 300 or 400 during the same period. The main focus will be on the UK and West Germany, which accounted for the bulk of losses of around $10m on a turnover of $60m to $65m by Burger King's international division in its last financial year.

Mr Jeffrey Campbell, formerly president of Burger King U.S., has been appointed president of the group's worldwide operations, in control of its 3,400 restaurants. The post was principally created to co-ordinate the European campaign, which will involve $16m development costs in the first year alone, a $2m marketing drive and a change of headquarters from Zurich to London.

Mr Campbell attributed the losses to lack of strategy, high administrative overheads and the fact that the technical expertise of the U.S. side had not been used adequately in Europe.

"The volumes here are as high as in the U.S. – if not higher – but we have not been able to convert that into income," he said.

He predicted that Europe would return to profit in the current year.

Sales at Burger King, a wholly owned subsidiary of Pillsbury, the U.S. foods group, have increased at an average of 29 per cent annually since 1967, with by far the bulk of that growth concentrated in the U.S., where it has recently been waging a fierce advertising war – known as the Battle of the Burgers – against McDonald's.

Mr Campbell said: "The reason that McDonald's has succeeded here is that they have evolved the same kind of strategy as in the U.S., while we have not."

To introduce greater cohesion between Burger King's transatlantic activities, its three divisions will be merged into one, and the U.S. management team will expand its duties to cover Europe and other international operations.

Mr Jerry Ruenheck, Burger King Corporation president, said: "In the past, there was a false wall between the U.S. and Europe. Now we have broken that wall down. We will position Burger King as the quality fast-food restaurant in Europe as we have in the U.S."

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TECHNOLOGY

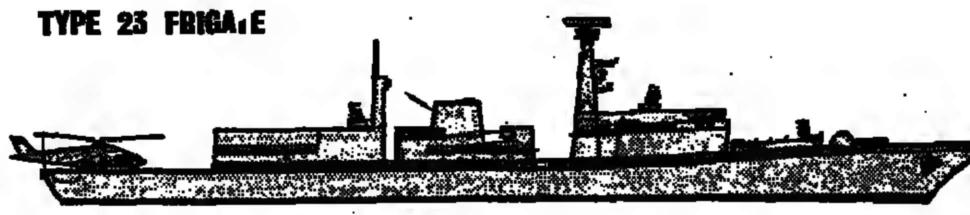
EDITED BY ALAN CANE

WILL THE MINISTRY OF DEFENCE GO FOR A PRIVATE VENTURE DESIGN?

Last ditch attempt to sink the frigates

BY DAVID FISHLOCK

TYPE 23 FRIGATE



The Type 23 Frigate has a displacement of about 3,000 tonnes. Propulsion is by diesel-electric and gas turbine, and armament includes, Sea Wolf anti-missile missiles (2) surface-to-surface guided weapons (8) Ship-launched torpedoes, and a 76 mm gun. The time to build is three years, with the first order: mid-1984?

AN ENERGETIC last-ditch attempt to overturn the government's plans to order a new fleet of frigates for the Royal Navy, reminiscent of similar late campaigns knocking telephone switching and nuclear reactor decisions in the 1970s, is reaching a climax as long-lead equipment orders are placed for the new frigates.

The aim is to persuade the Ministry of Defence to abandon the Type 23 design it has developed jointly with British Shipbuilders, and replace it with a private-venture design, claimed to be simpler in concept and cheaper to build.

The primary role of the new frigate will be anti-submarine warfare in the 1990s and later. The Navy talks in terms of a fleet of at least eight, to reap the advantages in productivity of a replicated design.

It plans to go out to tender late this year and order the prototype next summer. By 1987, it hopes to have placed orders for seven or eight, worth—at nearly £100m each —the best part of £1bn at present prices.

From tha outset, in 1980, an important objective of the Type 23 project has been a vessel substantially cheaper to build and to run than present-day frigates.

Its designers also hoped they could make it more attractive to overseas customers than Navy designs bave been in the past. Since the mid-1970s, potential orders for 36 frigates have gone to other nations.

While the Royal Corps of Naval Architects in Bath remains responsible for the Type 23 concept and major parameters, the MoD claims it has worked more closely with its prime contractor — Yarrow Shipbuilders of Glasgow, part of British Shipbuilders — than ever before, to make the frigate more readily assembled and more attractive as an export.

The technical argument for or against the Type 23 design turns on whether the optimum shape should be "short and fat" or "long and thin." Every warship is a compromise between apparently irreconcilable pressures on space to accommodate weapons and sensors, crew, propulsion, fuel and stores, etc.

"But it is fair to say that naval architects prefer long and thin because there are more advantages," a senior naval architect says.

Their judgment is challenged —not for the first time—by a small private ship design company. Thornycroft-Giles on the Isle of Wight. It bas prodoced a conceptual frigate based on a shorter, wider design of hull, which it claims can be built much more cheaply and would pack in more and better weapons than the Type 23.

The obvious fallacy here is that the more weapons it packs, the higher tha cost. It has even been suggested that the Thorneycroft-Giles concept could find room for six Harriers, compared with the single hig anti-submarine belicopter envisaged by Type 23's designers.

They comment drily that the bull itself accounts only for ebout 8.5 per cent of the cost of the vessel so "there is no way you can modify the structure and reduce the costs of the ship by 50 per cent."

But "short, fat" and "long, thin" are relative terms. The ratio of length to beam already varies widely in Navy vessels, from 8.5-9.5:1 for a traditional destroyer down to 6:1 for the new Hunt-class minesweeper.

The Thorneycroft-Giles S90 concept also has e ratio of about 6:1, compared with 7.75:1 for the Type 23—a much smaller difference than is being claimed.

Within this envelope, the Navy claims it has e vessel "considerably better armed than we expected." But not only cost rises rapidly if more weapon systems are packed into a given volume. So does electromagnetic interference between the systems—a key reason why the Navy prefers "long, thin."

In its Type 23 design it has a vessel with about three-quarters of the displacement of its Type 22s, expected to cost about three-quarters as much. It will need 100 less crew, however. For example, the engineering watch will be manned hy only three, compared with five per watch for the Types 21, 22 and 42 vessels, and nine for the Leander-class of the 1960s.

A more readily maintained vessel, using extensive microprocessor surveillance, is expected to have a dramatic effect on running cost.

Mr R. W. S. Easton, chairman and managing director of Yarrow Shipbuilders—and a naval architect—acknowledges that some ship designs, mainly merchant vessels, "have already reached and perhaps surpassed the levels of automation being aimed at in the Type 23."

But this is because a warship is expected to meet much more rapidly changing conditions and be capable of "continuous and rapid changes over its full power range, thus demanding dynamically stable close control and surveillance systems, a much more challenging problem."

But, Mr Easton says, he foresees an "increasing ability to self-diagnose and self-correct which will reduce watchkeepers per watch even further."

Yarrow, as prime contractor and responsible for most of the design, has already placed orders for long-lead equipment such as the gas-turbines and gear boxes for the prototype vessel. It will use combined diesel-electric and gas-turbine propulsion, with twin engines of eacb kind. The diesel-electric system provides silent power for submarine searching at speeds up to 18 knots.

The Navy has pioneered the use of gas turbines and claims to have developed the changing of highly stressed units to a fine art—only 23 hours to change the gas generator section of the carrier Invincible's turbines. In comparison, diesels make heavier demands on servicing. But rising fuel prices have reewakened the Navy's interest in the diesel.

Diesel propulsion is a prime feature of claims for the S90 concept along with the simpler, heavier bull structure and the smaller ratio of length to beam.

The MoD has received no detailed picture of the S90, it says, although for e year it has had wbat one naval architect calls "a very flimsy description" from Thorneycroft-Giles.

About six weeks ago, however Mr David Giles, one of its designers, gave a presentation to the Defence Scientific Advisory Council, an influential body for independent technical advice to the MoD which reports direct to the Secretary of State for Defence.

The report of this body is highly unflattering to the S90 concept. It finds the claims for lower cost have not been substantiated and says the concept has almost nothing else to offer. It says the concept is underpowered — and to put in more diesels would invalidate the "short, fat" shape. As it is, weight and space bave been seriously under-estimated, and the weapons would be too cramped.

The performance of the diesel-powered S90 when towing a sonar array—a crucial manoeuvre in submarine bunting—has not been addressed, the report says. Nor is there evidence that the concept would meet Navy standards in respect to noise, survivability when damaged, shock resistance, and exposure to nuclear, biological and chemical (NBC) attack.

		%
Cost breakdown for typical 3,000-tonne frigate*		30
Major items of equipment	(20 per cent)	
Other items	(7 per cent)	
Raw material, eg steel	(3 per cent)	
Weapons and sensors		40
Shipbuilding costs		30
Direct labour	(11 per cent)	
Overheads	(19 per cent)	
		100

* Yarrow Shipbuilders.

East Kilbride research

Vision system for factory robots

THE NATIONAL Engineering Laboratory at East Kilbride has developed an improved vision system that could, for example, be interfaced with a robot to allow it to see in the poorly lit conditions common in manufacturing industry.

The device has been developed from NEL's Nelson 2, which had the limitation that it neded good contrast between a compenent to be identified and the background.

The new system depends only on local differences in grey scale values rather than an overall difference.

An initial analysis attempts to classify a component from its perimeter shape independently of its position and orientation. If parts with only small differences are present, necessitating further analysis before an identification is certain, then other local internal features, unique to the part, are used.

These local features are identified during a teaching phase by the operator who manipulates a simple cursor over the image of each part as it appears on the TV monitor. More on 03552 20222.

MICROCOMPUTER SOFTWARE

The mouse for personal computers

BY RAYMOND SNODDY

MR BILL GATES, chairman of Microsoft, dangled his new mouse obligingly at different angles for the photographers. There have been other computer mice before but this mouse is for word processing and for IBM's personal computer.

Mr Gates, who dropped out of Harvard in 1975 when he was 19 to set up a microcomputer software company whose sales will reach $50m in the year to June, believes that mice will inherit the world of computer pointing devices.

Many different pointing devices are available for the new generation of applications software but Microsoft says, the mouse has proved itself to be superior to digitiser pads, light pens or track balls.

The Microsoft mouse, which costs $195, is used to move quickly or reposition a cursor. When the mouse moves across a flat surface the cursor follows it across the screen. It allows the use, Bill Gates says of band eye co-ordination.

The mouse comes complete with a musical tutorial program to get people using it quickly. The mouse is used to move a cursor around a piano keyboard displayed on the screen. The computer plays the notes when the cursor is on a key and the mouse button is pressed.

Microsoft saya the mouse is designed for the business environment and that it will make the personal computer easy to use with the next generation of end-user software productivity tools.

The mouse comes in two versions. One is for the IBM personal computer and will be available this month. The second is for microcomputers using MS-DOS, the software application system introduced by Microsoft in 1981 which is the dominant system for 16 bit micros. It goes to dealers in June.

At the same time as it launched its mouse in London Gates introduced a new second generation writing system — Multi-Tool Word. It is the first mouse-based application program for MS-DOS — based 16 bit micros.

Microsoft says that the mouse based version allows users to insert, quickly, delete or reposition blocks of text within e document without having to use the keyboard. It also allows the user to see text as it will be printed at all times during tha writing process.

"The Microsoft Mouse and Multi-Tool Word both represent the major thrust of this company in providing enhanced prodoctivity tools for the business environment." says Bill Gates.

The latest two Microsoft products are an expression of Bill Gates' determination to produce more and more software to make personal computers truly accessible to the non-computer specialist.

Personal compnters bave to some extent been frauds in the past because they bave been so difficult to use, he argues.

The challenge now, Bill Gates said in a talk in London this week, was how to harness the full power of existing hardware through improved software design rather than building better and more powerful machines.

Bill Gates: aims for $100m software company by next year.

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LETTERS TO THE EDITOR

Pensions: portability, equity, information and accountability

From the Research Director, Centre for Research in Industrial Democracy and Participation, University of Glasgow

Sir,—Your leader of May 4 correctly states that "rights in the average occupational pension scheme represent a particularly attenuated form of ownership in which the beneficiaries have remarkably little say." Would these rights be strengthened, and the beneficiaries' say increased, by the sort of individualised approach advocated in the Centre for Policy Studies report?

Our research into employee participation in the management of pension schemes has produced several conclusions relevant to these issues. Although the principle of pensions as deferred pay is now broadly eccepted (and often forms the basis for substantial employee participation), there is considerable ambiguity about how far the funds are seen as actually belonging to members. For a number of reasons they generally have little influence over the funds' investment policy. This is true even in the organisations that collaborated in our research, the bulk of which are at the forefront of participative practice and have employee representatives on the trustee boerd. Moreover, information about investment policy and performance is very restricted—though the presence of employee trustees does have a positive impact on this and on the distribution of other types of pensions information.

Within the same scheme, there can be very divergent views abont which categories of employee (if any) are disadvantaged by the curreot errangements. Many respondents expressed concern ebout the early leever problem, and doubts about whether the present occupational pension structure can handle it. But they also pointed to other categories of employee who are also wholly or partly excluded from the benefits of an occupational scheme—a highly subsidised benefit, it should be remembered, which is hardly any longer a "fringe." The rapid growth of part-time employment, for example, could mean that an increasing proportion of employees fall outside the "golden circle."

The idea that these problems of equity, information and accountability will be solved by making pensions a matter of individual option belongs to the fantasy world of perfectly informed individuals and optimally functioning markets. There is much more to be gained by further developing proper systems of collective choice and accountability.

Tom Schuller.
Adam Smith Building, Glasgow G12.

Cost penalties on job mobility

From Mr R. Wallis

Sir, — Your leading article (May 4) "Freedom in pensions" dealt nicely with the arbitrary pensions penalty on job mobility in the private sector. But this is only one crucial part of a fresh look at alternative employment strategies.

Since the war and particularly in the past decade, governments have introduced measures intended to increase employmeot security. These very measures bave greatly increased employment on-costs, positively inhibited employers from increasing jobs and, during this recession added to the momentum of continuing cost reduction — particularly employment costs. Consequently, there is a great deal of severance and pension pain about and e complete rethink of pension legislation is now overdue.

Alongside these developments, however, there is a need to widen the boundaries of our present backward-looking attitudes to employment. It is no longer realistic to think of a majority of people working 40 hours a week for 40 years for one employer. Even large companies are no longer the safe refuge they used to be.

A few companies are questioning this traditional concept of permanent employment and securing the benefits of offering selected employees legitimate self-employed status to supply both full and part-time services paid for by commercial contract instead of by wage or salary.

If employment and job change on-costs were relieved, this would help to accelerate more work dispersal, job-sharing, part-time or fixed-term service contracts, privatisation or — to coin a new buzz word — legitimate fee-based "sunlighting." To get this kind of job mobility there must first be removed the cost penalties both on those who have to change job and on those companies who are seeking to become more efficient.

The benefits can be well worth securing. For the employer, he can adjust his headcount, reduce his overhead and other costs, increase productivity and secure quality with reliability. For the individual, who is self-employed and contracting his skills to several outlets, he has more variety, a wider spread of security, and greater motivation. He avoids the trauma of redundancy or unemployment. Because he has greater personal control over his activities, he is in a better position to make tailor-made provisions for his own job mobility and financial security.

Ross Coke Wallis.
P-E Consulting Group, Park House, Egham, Surrey.

Real money is involved

From Mr R. Ireland

Sir,—I look forward to reading a Leader in praise of occupational pension schemes and, perhaps, some reversal of the prevailing critical attitude of the Press towards them. In the meantime, it is mischievous, if not irresponsible, to encourage early leavers and other to believe that there is a simple panacea for the resolntion of their problems. As Lord Byers said (May 9) real improvements in pension provisions carry a real price tag.

Pension fund trustees are only too aware that the funds under their control have to meet real liabilities and consequently worry when there are suggestions of a National Investment Bank and similar investment vehicles, whether in the private or public sector. It is reported that the National Investment Bank would give as good a return as other fund investments. As other returns can very substantially, whereabouts in the league table is the bench mark to be established?

Richard Ireland,
10 Catherine Drive, Sutton Coldfield, West Midlands.

Serious damage to wealth

From Mr C. Evans

Sir,—Your leader "Freedom in pensions" (May 4) might have been better titled "Freedom in pensions can seriously damage everyone's wealth."

The superficially attractive proposal that employees be allowed to opt out of company pension schemes is, as you say, entirely a matter of freedom of choice — an examination of practicalities shows that the employee who opts ont is highly unlikely to be financially better off.

Many large companies are contracted-ont of the state earnings related pension but the employee who opts ont of his company's scheme is almost certainly going to be contracted-in. This will entail substantial administrative complexity and costs inclnding payment of insurance commissions. If we start from the proposition that companies will not wish to increase pension costs, or to subsidise employees who opt out, then the present allocation (contracted-ont National Insurance contribntions plus company scheme contributions) will be used in calculating the new, opting out allocation of the higher level contracted-in National Insurance contributions plus residual company contributions to the private scheme.

This suggests that the employee will be no better off and may be worse off if he is charged with the additional administration costs. Nevertheless you reach a balanced conclusion that freedom may be the most important factor for some, even though they may damage their wealth.

My main reason for suggesting an alternative title stems from the attraction of the proposals and the danger that they may come to be regarded as solving the early leaver problem. This would divert attention from the moch greater damage to the national wealth that already exists.

You referred to the subsidy in favour of the long-serving employee — this is often not properly recognised. Consider for a moment the prospects for such an employee who earns, say £12,000. On retirement from a good scheme his starting pension will be £8,000 a year (based on the conventional 2/3rds target). If married, a further State pension of £2,732 is paid giving a replacement ratio of 89 per cent.

As a pension target, 100 per cent replacement of income seems rather high especially if the same pension scheme gives a poor deal to the early leaver. I suggest that the solution to the early leaver problems may, in part, be in the hands of the majority of the country's pension schemes which do not take account of the state pension (58 per cent according to the 1982 survey carried out by the National Association of Pension Funds).

Why should this damage the national wealth? The answer is that the largest employer of all (the Government) makes no allowance for the state pension. This costs the country about £2bn a year — surely this can seriously damage everyone's wealth.

Colin Evans.
4 Southampton Place, WC1.

The effects of replacing rates with a system of land value taxation

From Mr V. Blundell

Sir,—The fears raised by Mr John de Rivaz (May 4) of the effect of a land-value tax on a home owner whose land value rose dramatically are without real substance.

In cases of genuine hardship there is no reason why the present system of rate rebates need not apply. A home-owner, I am sure, would rightly expect a rate reduction if his land value decreased dramatically.

If the value of the property increases dramatically as a result of increased location value, then under the present rating system the rates would be increased at the next valuation anyway.

Dramatic increases in the land valne of residential properties are the exception rather than the rule; Hampsteads, Belgravias, etc are not created overnight. There is far more to fear from profligate local authoritias whose recent rate increases are far more likely to cause bankruptcies.

At a time when we need more employment in the building industry and when many properties are in need of renovation and modernisation, it is scandalous that improvements to property are rewarded with increased rates. A land value only rate would end this absurdity and help to prevent builders going bankrupt.

V. H. Blundell.
63, Oaklands Avenue, Brookmans Park, Hatfield, Herts.

A ground rent paid to the community

From Mr B. Brookes

Sir, — Mr J. de Rivaz (May 4) who writes critically of a land-value tax because it does not use income as its basis, should recognise that, outside of income tax, there are few fields of human affairs where the "ability to pay" principle applies.

When Mr de Rivaz goes out to buy cigarettes he does not expect the tobacconist to ask about his financial state before telling him the prices. When his wife goes to the butchers she does not expect him to check her income — or perhaps her and her husband's joint income — before weighing up a leg of lamb. When an industrialist comes to the end of a 10-year lease on a factory building, he does not expect the landlord to give him a new lease based on the company's profit and loss account.

A land-value tax is very much like this last. It is a ground rent, but paid to the community, who created the land value, rather than to a private landlord. And although it might be nice for the individnal if his initial rent (tax) were to be maintained for all time, the interests of the rest of the community depend on its being adjusted for changing circumstances — either np or down — so that the development of urban areas takes place in a logical way without leaving vacant or under-used areas in the centres of cities.

If Mr de Rivaz wishes to check the operation of e land-value tax in practice, he need only refer to the experience of Australia and New Zealand where such a tax, for rating purposes, has been in use for many years.

B. W. Brookes
62 Wickham Chase, West Wickham, Kent

Rates might well go down

From Mrs E. Nichols

Sir,—I can assure Mr J. de Rivaz, May 4, that the home-owner would almost certainly be no worse off under land-valne taxation than he is under the present rating system, and could be a lot better off.

True, if the value of his land rose dramatically (if, for instance, the amenities in the area vastly improved) be would have to pay a higher tax on it, bnt even under the present system, by which rates are levied partly on the land and partly on the house standing on it, the rates could rise dramatically — and, in fact, frequently do, with or without added amenities.

Moreover, whereas under the present system, Mr de Rivaz's rates would rise if he effected any improvement to his house, under LVT he would pay no more.

In any case, initially Mr de Rivaz's rates might well go down (as has been demonstrated by two surveys that have been carried out in Whitstable in recent years) since he would no longer be paying on both house and land but only on the land; so this would give him a good starting-off point.

(Mrs) E. A. Nichols.
8 Emanuel Court, Westbourne Avenue, W3.

Compensating for de-rating

From Mr D. Redfearn

Sir,—Mr de Rivaz (May 4) is letting his imagination run away with him. We are not thinking about the ectual prices that land will fetch on the market, which under our present system of monopoly and restriction (encouraged by the failure to tax vacant sites) are certainly subject to sudden rises, but of a sober valuation by professional men. There is a world of difference between the two.

The householder in fact would pay less in rates if site value alone were taken into account. The pilot survey at Whitstable showed, to the surprise of the people carrying it out, that the rating of vacant land compensated adequately for the de-rating of buildings and improvements.

An increase of income-tax, as proposed by Mr de Rivaz, would merely make it less profitable for more people to work rather than live on social security.

David Redfearn.
15, Fennell's Close, Burton Road, Eastbourne.

A tax on capital

From Mr H. Law

Sir,—Mr de Rivaz (May 4) has raised some pertinent questions abont land value tax. I entirely agree with his assertion that taxes on capital are a bad thing. Properly defined, however, land and capital are separate categories; land is not capital, bnt buildings and improvements are. The present rating system is indeed a tax on capital, but by ignoring buildings, land value tax would actually relieve capital of the burden of taxation.

The value of land is the rental income it can command, a benefit received either as payment to the landowner, or by way of imputed income in the case of owner-occupiers. The "capital value" of land is a lump-sum payment for future rental income, and it is this rental income which would be the subject of a periodic (eg annual) tax.

Fears of sudden increases in the rental value of land are unfounded; although upwards, the trend is a steady one. Where land values in particular areas have risen exceptionally, it has been due, not to the whim of fashion, but to tangible benefits, usually resulting from public investment. As an example, the inner London suburb of Islington did not become fashionable until the improvements wrought by the Clean Air Act and the better access resulting from the building of the Victoria Line tube; looking to the future, we shall see land values in London's Docklands rise when the proposed rapid transit link is running.

With land value tax, there would be the choice of paying for the new benefits being enjoyed, or of moving elsewhere. Genuine hardship can be alleviated either by rebates or a system of deferred payments.

Henry Law.
8 Woodhouse Road, Hove, Sussex.

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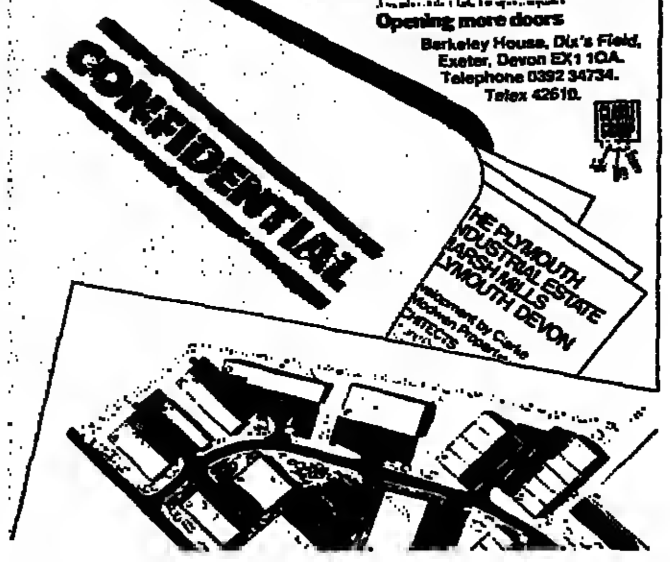

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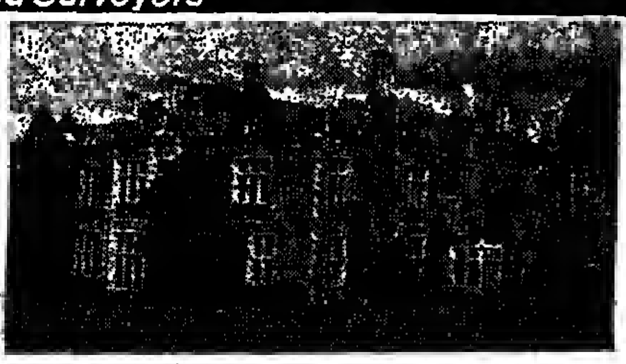

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THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

A Swedish Lazarus

Christopher Lorenz talks to David Pope (above) about the rescue of Hugin Cash Registers and its need to consolidate its profitabilit /

ONE OF David Pope's hobbies is boxing, which is just as well. Since he picked a near-comatose Swedish company up off the canvas two years ago, he has nurtured it back to health and taught it a remarkably strong punch. But he will now have to box even more cleverly if his Lazarus is to survive, for it is fighting in a ring which is becoming increasingly congested with Americans and Japanese, all desperately slugging it out for supremacy.

A restless, ebullient, fast-talking Englishman (who would make a brilliant boxing commentator), 48-year-old Pope was made president of Hugin Cash Registers at the end of 1980, as it was about to reveal a real haemhorrage of a loss: SKr 254m ($34m), equivalent to 70 per cent of its turnover for the year.

Even if massive write-offs on outdated stock were excluded, its loss amounted to 30 per cent of sales. Such was the price of trying, from too narrow a base, to beat all comers in the mushrooming European market for electronic cash registers and "point of sale terminals."

Pope owed his apparently thankless job of miracle-worker to the equally put-upon Electrolux, which had just taken control of Hugin from its long-standing parent, tha Swedish co-operative society.

Why one of the world's leading makers of vacuum cleaners, refrigerators and washing machines should have wanted to buy a desperataly ailing cash register company would be a mystery if it were not for the peculiar workings of Swedish industrial policy.

It was not the first time Electrolux had been persuaded to "save the nation," as its chief executive, Gösta Bystedt, puts it. There was also the small matter of SKr 70m which it received as Hugin's dowry—it did not have to pay a penny, rather the reverse.

Finally, there was a small element of supposed corporate logic—the dreaded concept of "synergy." At first sight, Hugin seemed a likely "fit" with Facit, another "save the nation" burden which Electrolux had taken on eight years before. But there quickly turned out to be little technological or marketing logic for a link, and the two were kept independent. Facit, which makes office equipment, was sold last year to a more logical owner down the road in Stockholm, the Ericsson telecommunications group, which is moving rapidly into office systems.

In the short interval since Hugin was dumped on Electrolux, Pope has transformed the company beyond all recognition—but at a price. It is one which many other Western manufacturers are paying nowadays.

Behind the double-quick resurgence of Hugin's profits, to SKr 42m last year, lies:

- The stripping-away of all the diversification it had entered into in recent years, from credit card terminals for petrol pumps, to electronic football pool equipment;
- The abandonment of the company's two newest cash registers, proudly developed over several years at considerable cost;
- The cessation of all manufacture, turning Hugin into a distributor of products made as far afield as Japan and the U.S., although the company still controls the design of all but its most complex product line (this control is a key part of Pope's strategy);
- And the loss of hundreds of jobs, affecting management and staff of all types and at all levels. From just over 2,000 a year before the Electrolux takeover, the labour force is now down to under 800.
- More positively Pope has: radically refocused Hugin's marketing strategy, and reinforced its customer service and support;
- and dramatically improved its asset management and corporate structure. Pope says this was his own doing, though Electrolux's rigorous financial controls certainly lent him support.

But for Hugin to continua to survive—eithar within Electrolux or more logically, under new ownership—Pope will have to get it in even better trim, and become still quicker on his feet. Not only must any distributor of electronic products be ready to changa his source of supply at short notice if they look like becoming uncompetitive, but the growth of computerised networks of point of sale terminals—both within supermarkets and between them and the retailer's head office—is making for an unusually complex pattern of shifting alliances among equipment suppliers. Amid the general melee, small fry such as Hugin could be squeezed by the integrated "systems" companies, especially when retail terminals are directly linked into electronic hanking networks.

The most obvious example of such risks lies in Hugin's front yard.

National Semiconductor, the Silicon Valley giant from whom the Swedish company took an exclusive European licence in 1981 for its top-of-the-line "Datachecker" product, has just bought DTS, one of Hugin's arch U.S. rivals in the middle segment of the market.

Though the licensing deal will run for nearly three more years, and National's Johnny Humphries praises Pope's "very strong organisation," Hugin now faces uncertainty in both market segments. At best it could end up buying part of the DTS distribution network, perhaps as part of a deal in which it also took a licence on its products. At worst, it could find National terminating the Datachecker deal in 1986. Not without reason does Electrolux' Gösta Bystedt warn that in collaborative deals like this "one has to follow one's partners very carefully, and watch out for traps."

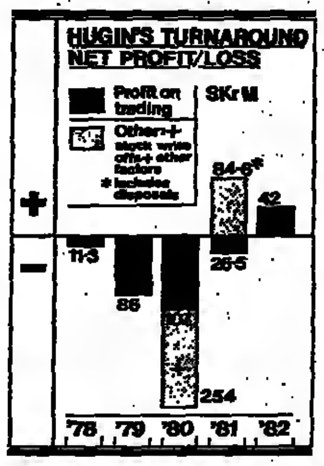
As a marketing expert par excellence, Pope seems well suited to mastering such manoeuvres. Before he emerged in the top seat at Hugin's spartan Stockholm headquarters, he had taken the market share of its British subsidiary from 7 per cent in 1972 to a claimed 27 in 1976; its share is now higher still. In the process he returned the company to profits: by 1980, the UK was one of only three of the 12 main Hugin territories making money (the others were Sweden and Denmark).

His key innovation in the UK was *marketing focus*, or what Pope characteristically calls "rifle shot marketing." At a time when the company was demanding more sales staff to expand its customer base, he more than halved the sales force by focusing its attention only on major accounts, and targeting still further on particular types of business. Smaller accounts were transferred to dealers. At the same time, Pope reinforced the customer service network, retaining more men per installed machine than some of his biggest competitors.

He applied precisely the same dual approach to Hugin's worldwide organisation in 1981, reducing personnel by 350 almost at a stroke, and pushing his European market share up to a claimed 17 per cent.

Better asset management and a tighter corporate structure had an equally sharp impact on the group's financial health. In less than two years from Pope's elevation in January 1981 Hugin's extremely high receivables and overdraft had been slashed to the bone by such simple devices as ceasing to pay salesmen their commission as soon as an order was invoiced, and instead waiting until the company had received payment. Dealers were only supplied with new types of machines when their old stocks had been sold off.

As part of the restructuring of its foreign subsidiaries — "no two of which operated in the same way," says Pope — he had to inject some much-needed new capital into them. Within a week of tha takeover, Electrolux had supplied the necessary SKr 90m, recalls Pope, paying credit (so to speak) to the way the company has treated its many acquisitions over the years. The Electrolux approach is hasically one of decentralising an unusual degree of responsibility to its managers in tha field, but applying a tough budgeting, accounting and reporting system.



Abandoning Hugin-made products was inevitably a painful exercise. Its flagship machine, developed expensively over four years to compete with the likes of IBM, NCR, the emergent Japanese, and National's Datachecker, was dropped partly because of the cost of the continued R and D that would have been necessary; it allowed Pope to cut direct R and D staff from 120 to 30. He also felt the machine would be uncompetitive on cost grounds within a year of its launch. "I almost had a riot on my hands," he says. "One of my managers almost throttled me; but the idea of Little Sweden rolling up its sleeves to fight the two giants? Leave off!"

As for the in-house product at the bottom end of the market — an electronic cash register not linked to a computer that Pope dubs "an electronic till" — Goran Skytte, Pope's deputy and a finance specialist, discovered that its manufactured cost was far higher than had heen previously calculated. On any foreseeable volume of production, it would be a loss-maker. Hence the decision within a few months to go for a machine whose landed cost is only half the factory cost of a Swedish product.

The only surviving European production in Hugin's product line is its new design of mid-range cash register, which is made under licence by Facit.

In his dealings with the Japanese, Pope has astutely avoided falling into a trap which has caught so many western manufacturers, not only of cash registers but also of calculators, copiers and almost any electronic product one cares to name. It has been all too easy just to take Japanese-developed machines from existing production lines in Japan and, as Pope puts it, "cosmetically alter the appearance in order to sell under your own brand name."

Frequently tha Japanese manufacturer later exploits the situation, selling the same machine under his own name in the same market, and leaving his former licensor-customer high and dry — and seething with allegations of oriental duplicity.

Hugin took the safer road of signing up a specialist development and production company, Shinwa, which supplies only to other equipment makers, including printing calculators for Facit. Hugin not only owns the design, specifications and software of its cash register, hut also the tools with which it is made.

Though this arrangement is not foolproof, Pope is confident that it gives Hugin sufficient protection. Should the worst happen, he says he could get production up and running from an alternative Far East supplier within the six-month termination period of the Shinwa contract — "tha market wouldn't even notice."

The extensiva search process by which Pope found Shinwa two years ago threw up an extremely valuable bonus. As the last in a line of European cash register companies looking for a source of supply in Japan, Pope says he "got the red carpet treatment" from nearly a dozen firms. "We now have a very good file on our competitors," he grins, with more than a hint that this was one of the reasons for the breadth of his search. All's fair in love and war when it comes to industrial collaboration — after all, today's partner may he tomorrow's competitor, or vice versa.

Expatriate pay 'too generous'

MANY British multinationals are overpaying their executives in overseas posts.

This is the view of Boh Elms, deputy group personnel manager of the giant UK telecommunications company, Cable and Wireless, which does business in 60 countries.

According to Elms—speaking to personnel managers at a London seminar on the problems of the international executive, organised by Inbucon, the management consultants—many pay packages for expatriates take account of hardships which may have existed in the past, but which no longer do so.

"Many employers, particularly the major international groups, have developed formulae for setting levels of pay," he said. "Looking at the expatriate scene today, it is becoming increasingly evident that a number of these pay systems have becoma over-generous."

Elms says that many systems fail to recognise that pay scales should be adjusted following changes in standards of health care, living conditions, amenities and in custom and practice. "There may be unrealistic elements in the formulae, for example, allowing for expenditure that is not actually required or utilised."

"Part of the problem is that many systems were designed when there wasn't a 'marketplace.' This is not to say they were ill-designed"; in many cases there were no comparable jobs in tha territory to enable salary comparisons to be made.

Pay packages do not take into account what it would currently take to attract an equally suitable candidate. "A lot of people—equally good—would do tha same job for far less," ha maintains.

So, by how much does Elms think that some expatriates are being overpaid?

He is reluctant to be specific. "If the contention is accepted, however, that some employers are paying more than is required to attract and retain the right people, it follows that salary surveys will reflect unnecessarily high levels of pay.

"The problem, therefore, tends to be self-perpetuating and presents an interesting and unusual dilemma for those trying to resolve it."

Arnold Kransdorff

THE ARTS

Music

LONDON

Academy of London conducted by Richard Stamp with *Meriel Dickinson*, contralto and Yehudi Menuhin, violin. Sir Lennox Berkeley 80th birthday concert. Mozart and Berkeley. Queen Elizabeth Hall (Mon) (928 3191).

Lionel Hampton and orchestra. Barbican *Hall (Mon)*. (638 8891).

Philharmonia Orchestra conducted by Lovro von Matacic with Lynn Harrell, cello. *Mozart, Haydn and* Beethoven. Royal Festival Hall (Wed). (928 3191).

Royal Philharmonic Orchestra conducted by Kurt Masur with Kyung Wha Chung, and Paul Tortelier, cello. Mozart, Brahms and Dvorak. *Royal* Festivel Hall (Thur).

City of London Sinfonia directed by Stephen Cleobury, harpsichord. Handel, *Purcell, Pachelbel,* Bach and Vivaldi. Barbican Hall (Thur).

Ronnie Scotts, Frith Street: Tenor-saxist Arnett Cobb (ex. *Lionel Hampton*). (439 0747).

PARIS

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Alicia Nafe recital with Miguel Zanetti: Monteverdi, Vivaldi, Haydn, Moussorgsky, de Falla (Mon). Theatre de l'Athenee (742 6727).

Ensemble Orchestral de Paris conducted by Jean-Pierre-Wallez, Ostrum Wenkel, contralto: Handel, Wagner (Tue). Theatre des Champs Elysees (723 4777).

Orchestre de Paris conducted by Rafael Kubelik with Mira Zakai, the Orchestre de Paris choir conducted by *Arthur Oldham: Mahler's* Symphony No 2. (Wed, Thur) Salle Pleyel (563 8873).

Caballe/Lombard *concert* with the National Opera Orchestra: Strauß, Beethoven, Wagner (Thur), Paris Opera (742 5750).

Stephen Bishop-Kovacevic, piano: Berg, Beethoven, Brahms (Thur) Theatre des Champs Elysees.

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Alfred Brendel, *piano.* Beethoven. (Mon, Thur). Carnegie Hall (247 7459).

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Nash Ensemble of London: Mozart, Beethoven, Spohr, Hummel, Maw, Bainbridge, Knussen. (Mon, Alice *Tully Hall: 362 1911*; Tue, Symphony Space: 95th & Broadway (864 5400).

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WASHINGTON

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William Schuman: composer and commentator in *American* Composers series (Tue), Terrace, Kennedy Center (254 9895).

CHICAGO

Chicago Symphony: Leonard Slatkin conducting, Claudine Carlson mezzo-soprano. Haydn, Britten, Schumann (Thur). Orchestra Hall (435 6122).

VIENNA

Musikverein (658 190): Vienna Symphony Orchestra, conductor Georges Pretre. Berlioz and R. Strauss. (Wed and Thur).

Konzerthaus *(721 211): Yo Yo Ma,* cello. Bach (Tue); Alban Berg Quartet. Haydn, Von Einem. Beethoven. (Thur).

Secession. Festival of Ensembles representative of trends in new music, such as minimal music and others. Meredith Monk and vocal ensemble (Tue and Wed). The first appearance of Meredith Monk in Vienna.

ZURICH

Tonhalle: Tonhalle Orchestra conduct*ed by Gary Bertini* with *Garrick* Ohlsson, piano. Brahms and Beethoven (Tue); Orchestra of North German Radio conducted by Günter Wand. Bruckner (Wed).

Arts Week

F	S	Su	M	Tu	W	Th
13	14	15	16	17	18	19

HOLLAND FESTIVAL

Japan exerts a strong influence on this year's festival which runs from mid-*May throughout June* in Amsterdam, The Hague, Rotterdam and Utrecht. There will be *a festival of 80 Japanese films,* a visit by the Bunraku puppet theatre of Osaka and Japanese music *at the Concertgebouw.*

Other rarities include jazz pianist Chick Corea and classical pianist Friedrich Gulda combining to play Mozart.

East German theatre will be represented by performances of the work of Heine Muller by groups from throughout western and eastern Europe.

Festival offices – Amsterdam (72 22 45); The Hague (55 87 00).

Walter Ellis

Alastair Muir

Swan Lake with Galina Samsova and David Ashmole at the Royal Opera House, Covent Garden.

Opera and Ballet

LONDON

Royal Opera, Covent Garden: The new production of Puccini's Manon Lescaut, a blandly undistinguished affair in the main, is redeemed by the Des Grieux of Placido Domingo. The revival of Die Meistersinger, conducted by *Colin Davis,* shows some familiar Royal Opera Wagnerians Sotin, Popp, Evans, Tear – and an *unfamiliar one* in the Hungarian tenor Robert Ilosfalvy, singing his first London Walther. (240 1066).

English National Opera, Coliseum: The Gambler, an early, uneven, but immensely exhilarating Prokofiev opera, receives an exciting London first staging by David Pountney. The well-routined but still delightful Magic Flute introduces some ENO newcomers – Glenn Winslade as Tamino, Joan Rodgers as Pamina. (836 3161).

Royal Opera House, *Covent Garden:* Sadler's Wells Royal Ballet in Swan Lake. Triple bill on Wednesday.

Sadler's Wells, *Rosebery Avenue:* Laura Dean Company from New York opens a season of whirling and turning to *Miss Dean's scores. (278 8916).*

PARIS

Romeo and Juliette choreography by John Cranko, directed by Georgette Tsingui-Rides by Paris Opera Ballet. Paris Opera – Salle Garnier (742 5750).

La Belle Helene alternates with Poulenc's Dialogues des Carmelites with Maria Ewing in the role of Blanche de la Force and Regine Crespin in *that of Madame de Croissy.* Opera Comique (296 0611).

WEST GERMANY

Berlin Deutsche Oper: Der Fliegende Holländer with Katarina Ligendza and Martti Salminen; Edda Moser in *Der Freischütz;* further performances of Othello, sung in Italien, and Arabella. (34 38 1).

Hamburg Staatsoper: *Der Barbier von* Sevilla, Der Rosenkavalier with Doris Soffel and Helmut Berger-Tuna. Arabella produced by Otto Schenk with Anna Tomowa Sintow in the title role; Die Wundersame Schustersfrau, an opera by Bernd Alois Zimmermann, one of Germany's leading contemporary composers. Zar und Zimmermann with *Franz* Grundheber and Jutta-Renate Ihloff rounds off the week. (351 151).

Cologne opera: *Der Freischütz* with *Siegfried Jerusalem. Further* performances of Don Pasquale and Der Barbier von Sevilla. (20 761).

Frankfurt *opera: Fidelio* with Maria Slatinaru as Leonore and Hermann Winkler as Florestan. Der Wildschütz is new this month. Rigoletto, sung in Italian, is conducted by Peter Hirsch and brings together Inga Nielsen as Gilda and Otoniel Gonzaga as Herzog. Akiko Kuroda does justice to the title role in Madame Butterfly. (25 62 1).

NEW YORK

New York City Ballet: The season continues under its new director *Peter* Martins with 40 works from the repertory, ranging from Balanchine's first American piece, *Serenade* (1934), to four pieces premiered in winter, by Martins, d'Amboise and *Duell. New York State Theater, Lin*coln Center (870 5570).

VIENNA

Staatsoper (5324/2655): Luisa Miller, Der Fliegende Holländer, Fidelio, Die Zauberflöte.

Raimundtheater. (57 56 26): Boccaccio. (Daily except Mon).

Festival of Clowns in the Jesuitenwiese, Calck Hook Dance Theatre from New York (Mon and Tue); Johnny Melville (Wed until following Fri).

Cinema/John Pym

The playing of roles with passion

Confidence

Passion

Handgun

The prize-winning *Mephisto* (1981), which was critically *praised and successfully* marketed in Britain as both a theatrical feature and, simultaneously, a video release, dealt with survival under Nazism through one sort of accommodation. *Confidence* (1980), also directed by Istvan Szabo, a father figure in the Hungarian cinema but whose 20 years' work before *Mephisto* is virtually unknown in the West, deals with survival in the Budapest of 1944 through another sort of accommodation.

Confidence is, in part, about *role-playing — though unlike* in *Mephisto,* these performances are of necessity. Its mode is an intense chamber drama. Two terrified strangers are forced to assume new identities, to pose as man and wife and to hide in the house of an old couple who take them for refugees. They vainly cling to past certainties in the face of present enormities. The man, Janos, compels the woman, Kata, to rehearse her new identity. Out of his own fear of betrayal, he cruelly prepares her in their claustrophobic, neatly ordered prison against the night when the knock will come at the door.

The heart of the matter is Kata's willing surrender, despite her sickening fear for the safety of her husband and particularly their small daughter, to a wholehearted love for the still mistrustful Janos. She exults like e schoolgirl—"I have my first lover"—but later has the courage to face what she has done in this out-of-joint time. He remains constrained by his fears. The manner in which Kata's love grows, its detailing, its believability and its tragic brevity, makes *Confidence,* for all its old-fashioned linearity, a work of conviction and substance. The foursquare principals are Ildiko Bansagi and Peter Andorai.

*

Film-making of a very different sort — self-regarding, fragmented, non-linear, exuberant, abstract—is on display in Jean-Luc Godard's *Passion.* Wim Wenders' recent *The State of Things* found a German director marooned in a crumbling Spanish hotel beside the ocean: the money for e sci-fi feature had run out and the independent producer had gone to ground in Hollywood. *Passion* finds a Polish director (of a sketchy film, *Passion)* marooned in a Swiss studio—the lighting has failed and the Italian producer is impotently beside himself — trying despairingly to figure out which way to turn.

Film-making as the subject of *film-making* is not new—it reached an exultant apotheosis in Truffaut's *Day for Night*—but in the 80s, in the wake of such apocalyptically "disastrous" movies as *Heaven's Gate,* the subject has been given e new twist. Witness, for example, the compelling fascination of Les Blank's documentary on the vicissitudes of the production of *Fitzcarroldo.* The problems of raising end holding on to independent film finance, of resisting the siren call of MGM (if you are lucky enough ever to hear it), of finding an authentic subject, ere now fit meat for the complete film-maker. In Godard's hands they are brilliantly synthesised.

The veteran cameraman Henri Alekan brought to *The State of Things* a marvellous formal beauty; and Godard's old collaborator Raoul Coutard—who is heard discoursing on his art—brings a ravishing look, natural and unnatural, to *Passion.* Godard's subject, however, and in so short a space the film is impossible to summarise, is not only about the boundless possibilities of cinema (and the earthbound constraints on these possibilities), but also about the equality of the fine arts (the film within the film is being fashioned from tableaux vivants of paintings by the old masters) and the labour of the world (that of a factory girl, a film technician, even a put-upon director).

Passion is marked by sequences, such as that in which a chase through the studio seems to animate the tableaux, of an exuberance which *reminds one* of *Bande à part,* and also by a deftness of editing, both of sound and image, which reminds one that the cinema is unique in its ability to command mood and to conjure in its own way those spots of time normally associated with poetry. It is a film made with, as well as being about, passion and it should not be missed, for all its apparent lack of resolution, by anyone passionate about the cinema.

*

Made with a different single-mindedness—a precise didacticism—is *Handgun,* the first *movie* set in America by the now Los Angeles-based British producer Tony Garnett. It wants to teach us about gun law, the role of the handgun in the Winning of the West, Texan attitudes towards guns, about gun-related crimes and the psychology of gun-owners.

A slight young history teacher from Boston, Kathleen (Karen Young making an ettractive debut), finds herself *in front* of e high-scool class of hiddable but alien Texans. What, asks Larry, a purebred Texan lawyer as emotionally unformed as Kathleen's gum - chewing students, *you know nothing* of the Colt, "Judge Colt and his Jury of Six," "The Equaliser" . . ? She is faintly ashamed and asks *him to* bring his antique weapons to class. The kids are spellbound.

It's not long before Larry, born to achieve, is in full pursuit of Kathleen. She is not a virgin, an imperfect Roman Catholic; but the plain fact of the matter is, she just doesn't like him. When she has the temerity to resist him, he produces Judge Colt and matter of factly rapes her. One is reminded of the chilling manner in which a British plainclothes policeman raped a "common prostitute" in Garnett's earlier film.

The Texas police are solicitous but refuse to press charges which have no chance of sticking. Kathleen takes matters into her own hands and learns about guns: Larry, a fellow member of the gun club where she practises, edgily observes her progress. The outcome is in its own way, as hald and effectively handled as the rape scene.

Garnett's success is that he has the courage to make plain his purpose and to speak straight to the heart. He does not dress up his juxtapositions: before the rape scene, for instance, he cuts from Karen *taking* the priest's wafer to Larry powdering his muscular body. Kathleen has, too, the *same sort of* screen presence as the reluctant schoolboy played by Dai Bradley in *Kes,* the most *famous of Garnett's films* as producer. Both belie their undernourished looks and come out fighting.

Clayton Day as the guest lecturer in "Handgun"

Exhibitions

LONDON

The Tate Gallery: The Essential Cubism is a wonderfully particular and illuminating exposition by Douglas Cooper and Gary Tinterow, with the choicest examples at every turn, of Cubism in its definitive period from 1907 to 1920. Braque and Picasso dominate the show, and as prime movers and principal exponents, so they should. But their relation to their *immediate associates* and followers is made clear – Gris the most substantial of them at the time, *Leger the most idiosyncratic* and independent, Laurens and Lipchitz the sculptors, Delaunay, Marcoussis, Villon, Gleizes and Metzinger. Ends July 10.

PARIS

Claude Monet: Homage is paid to his Giverny period with 45 of his paint*ings, including the nympheas, at the* Centre Culturel du Marais, 28 Rue des Francs-Bourgeois (277 3225). *Closed Tue.* Ends July 17th.

Edouard Manet: An exceptional retrospective marks the 100th anniversary of the artist's death including Olympia, the Bar at the Folies Bergeres, Nana and Dejeuner sur l'Herbe. Paintings, which at the time created such a scandal, are now seen as classics in the tradition of Franz Hals and Velasquez, whom Manet revered. Yet at the same time they are a homage to one of the first impressionists and a pioneer of modern art. *Grand Palais, April 18* – August 1, closed Tue., Late night Wed till 10pm (261 5410).

WEST GERMANY

Cologne, Wallraf-Richartz-Museum, An der Rechtsschule: Irish art of three thousand years comprises virtually all Irish national treasures on loan from the Irish National Museum, Trinity College, Dublin, and Irish Academy of Sciences. Manuscripts, relics of *Irish Saints* and utensils from the workshop of Irish monasteries; silverware; and gold *and* silver jewellery. Ends June 2.

Mainz, Mittelrheinisches Landesmuseum, 49 Grosse Bleiche: In honour of the year's 500th anniversary of Martin Luther's birth, the museum is showing original drafts, documents, models and photographs recording the conception and realization of a number of public memorials to the great reformer in the 19th *century.* Closes at the end of May.

Bielefeld, Kulturhistorisches Museum, 61, Welle: Graphics, Coal drawings and sculptures by Otto Pankok, the German artist banned under the Nazi regime. Ends May 23.

Berlin, Staatliche Kunsthalle, 44-46 Budapester Strasse: *Heinrich* Vogeler retrospective containing paintings and drawings by the German *artist (1872 to 1942)* as well as furniture, china and silverware designed by him. Ends June 5.

Berlin, Bauhaus Archiv, 13-14 Klingelhöferstrasse: eighty oil paintings from between 1928 and 1982 by Georg Muche, the German Bauhaus teacher, now aged 88. Ends June 12.

Hanover, Kestner Gesellschaft, 18 Warmbüchenstrasse: 200 oil paintings, water colours, collages and drawings from between 1949 and 1982 by Peter Blake, the British painter. Ends June 12.

Düsseldorf, Kunstpalast, 5 Ehrenhof: German 20th Century Art *has* works chiefly from the 1920s and 1930s on loan from the American Busch-*Reisinger-Museum.* Ends June 26.

ITALY

Venice, Museo Correr: Eighteenth century engraving. Ends June 5.

NEW YORK

Winston Churchill (National Academy of Design): Painting as a pastime includes 60 works borrowed from Chartwell and Churchill family members as part of the Britain Salutes New York Festival. Ends July 3. (89th & 5th Av.).

Henry Moore (Metropolitan Museum of Art): The first major retrospective in America in nearly 40 years includes drawing, carving in wood and stone as well as sculptures large and small in one of the highpoints of the *Britain Salutes New York* celebration. Ends Sept. 25th.

Whitney Museum: Films and videotapes by 30 artists highlight the 62nd Biennial for American artists, including Frank Stella and Jasper Johns among the 76 artists represented by 124 works. Ends May 22.

CHICAGO

Museum of Contemporary Art: To complement the museum's self-appointed task of documenting American unschooled naif painters comes an exhibit of 47 unschooled *German painters* of the 20th century, among them Adalbert Trillhaase, the Bible-painting clerk who inspired Düsseldorf realists early this century. Ends May 22.

BRUSSELS

Palais des Beaux Arts: Venetian drawing of the 18th century. Tiepolo, Piazetta, Piranesi, *Guardi, Canaletto.*

Societe Generale de Banque: 100 years of glass in Europe. Ends May 20.

Kredietbank: Young artists of Flanders.

Musee du Costume et de la Dentelle: From Worth to Chanel.

Theatre National (from 6pm to 11pm): British posters 1890–1980.

VIENNA

Künstlerhaus: The Turks before the City of Vienna. A historical exhibition which seeks to show the situation in Europe in the second half of the 17th century which led to the siege and the battle during the summer of 1683.

Heeresgeschichtliches Museum: The Turkish Wars.

Museum Des 20. Jahrhunderts: The Turks Before Vienna. An exhibition not so much concentrated on the war and military aspects of the siege of Vienna as pictures depicting the political and cultural perspectives, development of conflicting cultures, different religions and prejudices against foreign influences.

Theatre

LONDON

The Rivals (Olivier): Splendid National *Theatre revival,* cunningly designed by John Gunter to place us in the middle of 18th century Bath. Geraldine McEwan takes e fresh, inquisitive look at Mrs Malaprop, Michael Hordern is an unrivalled Sir Anthony. Peter Wood directs. (928 2252).

Blood Brothers (Lyric): Strong rock melodrama by Willy Russell about Liverpool twins separated at birth. Pop star Barbara Dickson, very like a young Gracie Fields, is superb as their grief-wracked mother. (437 3686).

The Roaring Girl (Barbican): Jacobean comedy by Middleton and Dekker with Helen Mirren as the eponymous vagabond in a spirited production by Barry Kyle now playing in tandem with last year's The Taming of the Shrew from Stratford-upon-Avon. (628 8795).

Daisy Pulls It Off (Globe): Enjoyable romp derived from the world of Angela Brazil novels: gym slips, hockey sticks, a clifftop rescue, stout moral conclusion and a rousing school hymn. Spiffing if you're in that sort of mood. (437 1592).

A Map of the World (Lyttelton): Brilliant new play by David Hare, set in a luxury Bombay hotel where a Unesco conference on world poverty has been convened. Chill, meticulous production by the author has strong performances from Roshan Seth (Nehru in the film Gandhi) as an Indian novelist, Bill Nighy as a journalist and Diana Quick as the actress in the middle of an ideologi*cal showdown.* (928 2252).

Noises Off (Savoy): The funniest play for years in London, now with an improved third act and a top-class replacement cast. Michael Blakemore's brilliant direction of backstage shenanigans on tour with a third-rate farce is a key factor. (836 8888).

NEW YORK

Showboat (Gershwin): A clever pastiche of vaudeville and theatre works like magic in the story of life on the Cotton Blossom where shows plied the Mississippi and provided unrivalled entertainment, especially with this production's outstanding feature performers giving heart-felt renditions of the 1927 Kern-Hammerstein songs like Ol' Man River, Bill, and Life Upon the Wicked Stage. (51st W. of Broadway, 586 6510).

Brighton Beach Memoirs (Alvin): As usual, Neil Simon is more funny than touching even when recalling painful puberty in 1937 as his family struggles with the Depression, with an excellent cast led by Matthew Broderick as the *aspiring* teenage writer. (757 8646).

A View from the Bridge (Ambassador): Broadway and Arthur Miller finally have a hit for the new year – Arvin Brown's musty but true revival of the melodrama of forbidden love in New York dockland. Tony LoBianco may reach the full pitch of contrived despair too soon, but audiences love the schmaltz, even in an Italian accent. (239 6200)

Amadeus (Broadhurst): David Dukes stars as Salieri in the award-bedecked and elegant National Theatre production of Mozart's life. (247 0472)

Nine (46th St): Two dozen women surround *Raul Julia* in this Tony-award winning musical version of the Fellini film 8-½, which like the original celebrates creativity, here as a series of Tommy Tune's exciting scenes. (246 0246)

Cats (Winter Garden): Director Trevor Nunn, fresh from the Broadway success of Nicholas Nickleby, has his imaginative and frisky cats slink, slide and dance their way across a transfigured stage in this lavish recreation of the London hit. (239 6262)

Top Girls (Public): After the Royal Court production enjoyed a short sold-out run, Caryl Churchill's ruminations on ambition and women reopens with a local cast including film actresses Linda Hunt, Kathryn Grody and Sara Botsford, again directed by Max Stafford Clark. (598 7100)

Extremities (West Side Arts, 43rd W. of 9th Av.): The realistic portrayal of sadistic rape, with which the play opens, makes for uncomfortable but rich drama, and author William Mastrosimone manages to maintain high energy levels to challenge an excellent cast led by Susan Sarandon and James Russo. (541 8394)

On Your Toes *(Virginia): Natalia Ma*karova with presumably a genuine Russian accent leads an exuberant cast in the remake of Rogers and Hart's 1936 sendup of Russian ballet tours, complete with Slaughter on Tenth Avenue choreographed by George Balanchine and directed, like the original, by George Abbott. (977 9370)

WASHINGTON

Buried child (Kreeger): Vintage Sam Shepard, a 1979 Pulitzer Prize winner, recounts a family reunion in which the returning son is not remembered by the rest of the family and garbage ends up on the floor. (Arena, 488 3300)

CHICAGO

The Dining Room (Goodman, 200 S. Columbus Dr.): A. R. Gurney Jnr's vision is confined by four walls, the four walls of a middle-class New England family as it changes with its inhabitants. (443 3800)

R.R. (Organic, 3319 N. Clark): This hit-and-miss local company has a long-running success with an earnest parody of hospital-based melodramas, starring Gary Houston as an ambitious young doctor, Shuko Akune as the receptionist and Lily Monkus as the authoritarian nurse. (327 5588)

Gardenia (Goodman) John Guare picks a post-U.S. Civil War setting for his latest play, following up Bosoms and Neglect with idealism trying to set down roots in innocence.

Red River (Goodman Mainstage): Robert Woodruff directs David Mamet's translation of Pierre Laville's speculation on the lives of Bulgakov and Mayakovsky as the two Soviet writers struggle for their lives and work. (443 3800).

Private Lives/New York

Frank Lipsius

Who better to set about Noël Coward's cutting and cuddly dialogue in *Private Lives* than Elizabeth Taylor and Richard Burton? They have tied and untied the knot twice between them, going one better than Elyot and Amanda's chance reunion on their respective second honeymoons.

But Miss Taylor and Mr Burton et the Lunt-Fontanne Theatre convey Coward's sophistiction as though it were boredom. They seem so unfazed by it all thet this resembles what the third reconciliation might look like, not the first. Under Milton Katselas's uninspired *direction,* the principals have obviously chosen e vehicle to substitute for e *fan magazine version* of their long, and no doubt less witty, affairs.

David Mitchell's elegant sets swallow the action in velvet pillows and deep carpet, but they also seem to smother the words. The blame may belong to e miking system that seems to make Mr Burton have to whisper and accentuates Miss Taylor's confusion about just what kind of accent she wants to use and in what tone. She is no more purposeful in her stage movements, which alternate between strutting and tiptoeing. Between his stiffness and her coyness, there is no doubt they are performing but some question whether it is acting.

What is revealed about their lives does not at all satisfy one's curiosity. It sounds too clever to have come from these two, who look prosperous enough in Theoni v. Aldredge's overdone underwear but not quite the type to be in Deauville or in an artist's glass-roofed Paris studio. At times they look like the parents of the people meant to be in the play. They seem to know it, too, and treat the exercise as a small joke they *share with* the audience. This is grossly unfair to Noel Coward who made his characters appealing because they are funny and charming—not ageing superstars.

John Cullum looks as though he just walked out of a 1930's film to be Amanda's new husbend, Victor, while Kathryn Walker as Sybil plays her version of sophistication as the out-and-out flapper. This small contribution to the theatre reveals at least that Americans don't so much suppress class consciousness as not recognise it at all, even where it does exist.

Elizabeth Taylor and Richard Burton

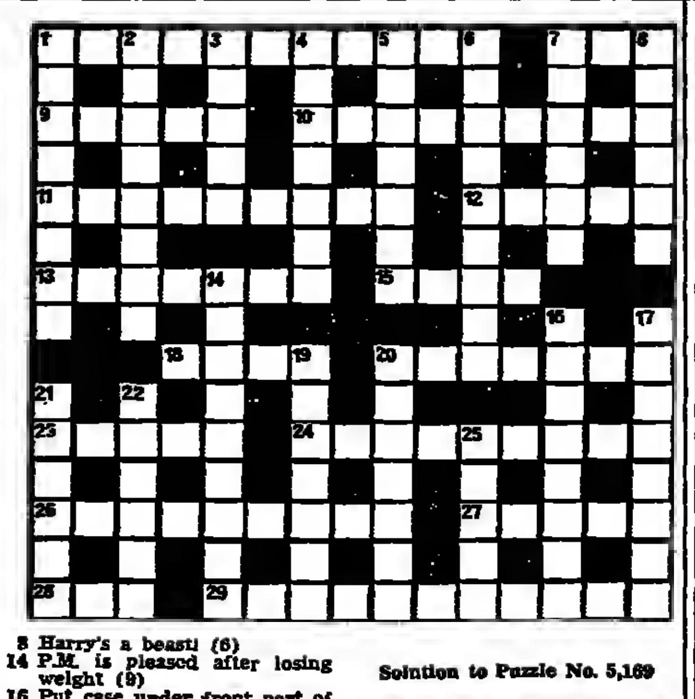
F.T. CROSSWORD PUZZLE No. 5,170

ACROSS

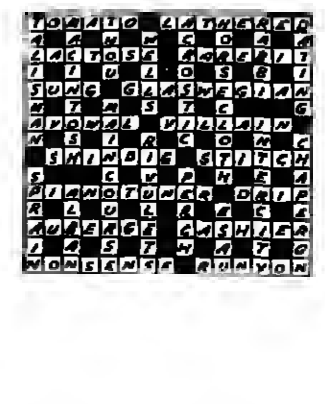
1 Part owner, part container (11)
7 Bowled by Old Boy for duck (3)
9 Ideas changed by chance remark (5)
10 Delivered slate with covering round (9)
11 Tax point requires precision (9)
12 House deposit (5)
13 Not just indisposed—a leg is broken (7)
15 The timber trade (4)
18 Movement to overthrow jargon (4)
20 Pot containers used by sailors (7)
23 Neglects out of boredom, it seems (5)
24 I'm to negotiate without delay . . . (9)
26 . . . for each retired actor (9)
27 I get hall to put together my defence (5)
28 Be equal to the commitment (3)
29 Resolution is the nearest wreck to the Cape (11)

DOWN

1 It's not necessary to tease the woman! (5-3)
2 Friendly message seen at the end of a motorway (8)
3 Upright body (5)
4 Usually tapped by drill in order to reduce friction adequately (7)
5 Degrading affair involving graduates (7)
6 Another issue about freedom (9)
7 Happen to live with the trend (6)
8 Harry's a beast! (6)
14 P.M. is pleased after losing weight (9)
16 Put case under front part of seat to act as shock-absorber (8)
17 When the Church gets nervous reactions from abstainers (8)
19 It's smarter to be an opportunist (7)
20 Pity about the clasp (7)
21 Clean and then cuddle the baby (6)
22 Bore support to the Church (6)
25 Debtor behind with payment (5)



Solution to Puzzle No. 5,169



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Friday May 13 1983

The split in Afrikanerdom

THE RESULTS of South Africa's latest flurry of by-elections have underlined the obvious: that a significant proportion of the white electorate of that country remains profoundly conservative, and unwilling to countenance any change which might threaten its exclusive control of power. What they do not prove is that Mr P. W. Botha, the Prime Minister, faces any real threat to his position from the far right-wing of his own Afrikaner people, because of his proposals for cautious reforms of the South African constitution.

The polls were billed in advance as a battle for the soul of the Afrikaner, and many commentators suggested that Mr Botha's ruling National Party might lose all three Parliamentary seats at stake: two to the far-right Conservative Party, led by Dr Andries Treurnicht, the high-priest of apartheid, and one to the liberal Progressive Federal Party.

In the event, the only loss was to Dr Treurnicht himself, in his own seat of Waterberg, where he has a staunch personal following. Mr Fanie Botha, the Minister of Manpower and one of the Prime Minister's key lieutenants, held off the strong CP challenge in another very conservative rural area, Soutpansberg, while the National Party candidate easily resisted the PFP challenge in the affluent Pretoria constituencyl of Waterkloof.

Divide

The major issue of the campaign was the proposed introduction of Mr Botha's new constitution, published finally last week but long-heralded, under which two non-white groups—the 2.5m coloured people (of mixed race), and the 1m Asians—are being offered a strictly subordinate role in central government alongside the 4.5m whites. Such a dilution of power, however minimal, is anathema to Dr Treurnicht and his supporters, in spite of its rigid exclusion of any role for the country's 22m-strong black majority. It is equally rejected as inadequate and indeed irrelevant by virtually all major black leaders.

The election results show that Mr Botha has caused a deep, and almost certainly unbridgeable divide in Afrikanerdom. They suggest, however, that he has kept the support of much the largest part of his people, in spite of Dr Treurnicht's victory. There are also signs that he has managed to attract more English-speaking voters into his camp, while resisting any further defections of urban Afrikaners to the Progressives. The conclusion must be that his wisest political strategy is to dominate the centre ground of white South African politics—including both Afrikaans—and English-speakers—rather than to try to accommodate the far right-wing by abandoning his attempted reforms.

Many reform-minded Afrikaners would argue that it is only by splitting the National Party that Mr Botha has made progress possible towards some form of racial accommodation in South Africa. But it must be said that his proposals to date still fall far short of anything which could win widespread support from all the population groups of South Africa.

His constitution is both inadequate, and hopelessly unwieldy. It has three separate chambers for the three racial groups represented, unclear divisions of responsibility between them, uncertainty over who will be responsible for dictating laws to the black population of the country, and it leaves sweeping powers to an executive president—likely to be Mr Botha himself—to resolve all potential conflicts. He has promised to hold referenda on the proposals in the white, coloured and Asian communities: none is likely to give its full support. Add to that the whole-hearted opposition of the black community, and he is left with a deal which may enjoy the backing of little more than 10 per cent of the population.

In spite of having survived his latest electoral test, therefore, Mr Botha would be well advised to re-think his new constitution. Indeed, instead of pressing ahead in that area, he would be far better occupied in pushing through more reform in the economic field. He could do far more to create real mobility of labour, to promote the training and employment of skilled blacks as well as whites, and to stop the present inhuman and counter-productive policy of pass control and resettlement of blacks. Such measures could then create the conditions for real accommodation in South Africa, not mere tinkering with white political control.

The appeal of partnership

TO READ the manifesto of the SDP-Liberal Alliance is to suffer something very like nostalgia. For all its rhetoric about decisive change and fundamental reform, it looks like proving the least radical of the three major alternatives put before the electorate. It invites nostalgia for the decent, orderly world of Butskellism; its appeal to a sense of partnership and common interest is addressed to anyone who has grown up with a well-developed moral sense.

A country in which a majority could be relied on to vote to sink their sectional differences would be a better country in many ways. The central Alliance claim that this is just how people would vote, given the assurance of proportional representation, is appealing. However, it is unlikely to be tried for many years.

Fundamental

Realistically what is on offer is not a programme for government, as the wishful subtitle would have it, but a prospectus for a partnership of a different kind — the coalition which could in theory emerge from the vote on June 9.

This gives little or no chance to some proposals which the Alliance itself must regard as of fundamental importance. The next government is not going to base its economic strategy on an enforceable incomes policy, it is not going to compel companies to yield worker representation on genuinely democratic lines, and it is not going to experiment with large-scale political devolution.

These notions can therefore be mulled over at leisure: at this stage we will say only that the incomes policy proposals look well thought-out, but unlikely to bear the economic weight it is proposed to place on them, that the industrial democracy proposals are certainly an improvement on Bullock, but that we can see little merit in devolution for its own sake.

Much of the manifesto, however, sets out policies which could perfectly reasonably be the subject of bargaining in a possible coalition — and it can be said at once that the only partnership which would be at all probable is between the Conservatives and the Alliance. The whole thrust of Alliance policy, based on Europe, Nato, open trade and a basic reliance on free enterprise is impossibly at odds with the new-model, isolationist Labour Party.

On economic strategy there is rather less difference between the Alliance and the present government than meets the eye. The Alliance proposal for a £11bn PSBR is not impossibly higher than the borrowing which actually seems likely to result from Sir Geoffrey Howe's covert relaxation last March.

The stress on a competitive exchange rate and a more accomodative monetary policy is stated in quite different terms from those used by Sir Geoffrey, who talks of a stable rate and the need to get interest rates down, but the actual differences could be negotiable between reasonable men. Policy might be slightly more expansionary—and welcome, on that account, internationally.

On matters of detail, the differences are more important. The tax policy proposals are aimed to substitute cash benefits for personal tax allowances and especially the married man's allowance, with higher child benefit and a long-term aim of integrating tax and benefit policies.

Welfare

This is indeed the logical way to attack the poverty trap, as the more radical Tories recognise they might be less attracted by the cost, higher taxes on high incomes. Certainly a coalition would handle the welfare system more gently than the radical right would like.

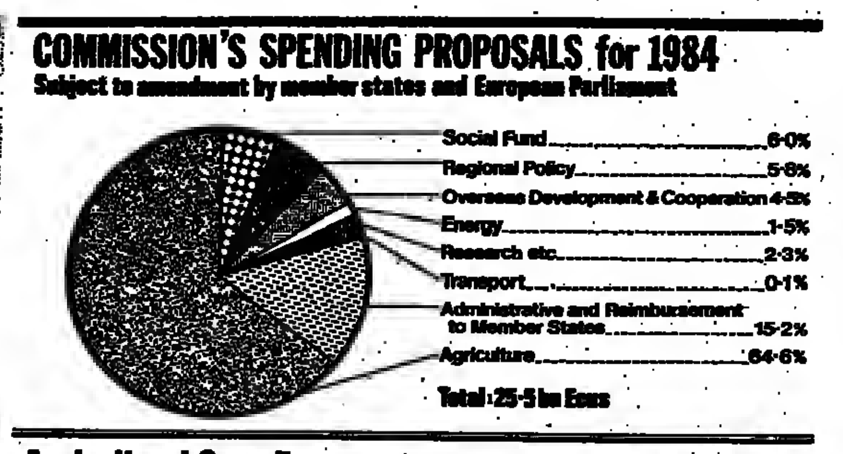
On defence policy the Alliance stress on conventional arms, the abandonment of Trident and a willingness to include the British deterrent in the current stage of strategic arms reduction negotiations has its own strong logic. There are attractive proposals on education, with a strong stress on post-experience education and the school curriculum, which have no ideological drawbacks; there is also, unfortunately, the usual competitive drive to throw more money at the private house buyer. But it is clear that the Alliance might make valuable coalition partners, offering ideas as well as restraint. Another untested hypothesis?

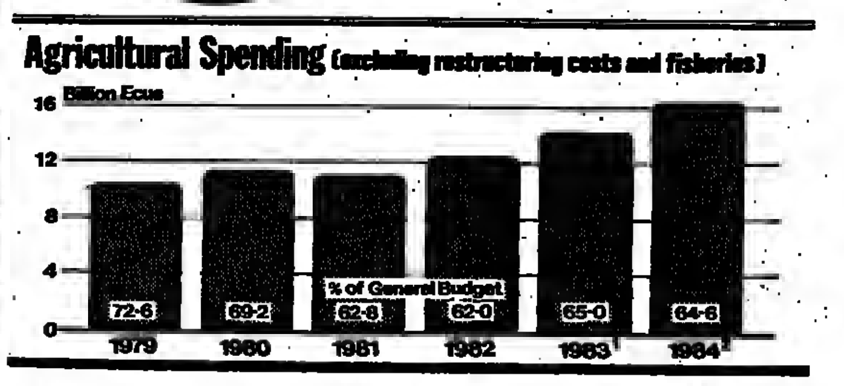
FUNDING THE EEC

How not to run out of money

By John Wyles in Brussels

Commission president Gaston Thorn: elements of a political bargain.





(1) Subject to increase by supplementary budget. (2) Preliminary draft budget by Commission. Subject to amendment by member Governments and European Parliament.

Bob Hutchison

IN almost every sphere of politics other than the European Community, a week is conventionally regarded as a long time.

In the EEC, however, weeks, months, even years are regarded by its devotees as microseconds in the measured pace of historical development. So it is that after four years of unrelenting efforts Mrs Thatcher, a believer if not a devotee, is embarking on an election campaign without having disposed of the fundamental problem in Britain's relations with the EEC.

The Prime Minister will find this judgment too narrow and will enumerate a growing list of benefits the UK is deriving from membership. Yet the unresolved issue of Britain's payments to the EEC budget remains her Achilles heel, and the Labour Party will make much of it.

In their defence, the Government will highlight their successes in chiselling £2bn, or about two-thirds, off the U.K.'s net payments to Brussels in 1980-81-82. If it can be secured, a successful negotiation giving a rebate on the UK's 1983 payments before the election will be another point in its favour.

The Prime Minister can also legitimately claim that Britain's partners now concede, however reluctantly, the justice of London's demands for a better balance between its payments to, and receipts from, the EEC. Finally, she can argue that the other Nine are more ready than ever to bring about a permanent reduction in the budgetary costs of Community membership to the UK.

Ironically, Mrs Thatcher has chosen to hold her election just as this last, and most important, proposition is about to be put to the test.

The quest for a permanent solution to the British budget problem is tied umbilically to the budgetary system which the Community will employ for the rest of this century. The European Commission has just tabled proposals which would both expand the present financing arrangements, and also modify them so that the UK and West Germany cease to carry such a great burden of funding the Community's activities.

Thanks to Mrs Thatcher's election timing this vital negotiation may get off to a very lame start if the Prime Minister elects to stay on the hustings rather than attend the EEC heads of government summit in Stuttgart on June 6-7.

Chancellor Helmut Kohl, of West Germany, the current President of the European Council, wants the summit to restore a sense of direction to the Community by launching the key budget negotiation, by setting a date for Spain and Portugal to join the EEC and by adopting a declaration in favour of strengthening the integration process.

These ambitions are lofty enough even with Mrs Thatcher present. Without her participation, particularly in the budget negotiation, the summit may be as useful as a game of baseball without the pitcher.

The heads of government will arriving in Stuttgart with their ears ringing with the Commission's warnings of the Community's imminent bankruptcy and its pleas for a speedy adoption of its proposals for member government to funnel more money into Brussels.

According to the Commission, it is offering no panacea but an essential key for the Community's future development. In other words, the proposals could settle the British budget problem, provide more money to finnace new policies, meet the increased costs of Spanish and Portuguese membership and boost the role of the European Parliament.

Although regarded by many observers as more undistinguished than any of its predecessors, this Commission, headed by Gaston Thorn, has managed to produce the main elements of a political bargain, if governments can be induced to strike one. Its proposals balance the UK's interest in permanently securing a much lower rate of payment to the EEC budget against the manifest desire of the majority of other member states to ensure that enough money keeps flowing into Brussels to finance the Common Agricultural Policy at something like its current level of activity.

Therein lies the strength of the British and West German negotiating hand which for the moment refuses to acknowledge the need to raise the limits on Community budget revenues. Yet both countries, assuming that there is no change in Downing Street, might be persuaded to trade the revenue card in return for efficient controls on farm spending and permanent reductions in Britain's net payments.

Mrs Thatcher and her Ministers find the Commission's proposals interesting but incomplete because they do not clamp down on agriculture and because they would not produce a big enough reduction in Britain's payments. Commission officials estimate that their immediate effect would be a cut of between one third and a half in Britain's net contributions which are now running at the rate of £1.2bn a year.

The proposals would retain the two elements for raising budget revenues that were introduced back in 1970 but which only became fully operational in 1980 because of member states' dilatoriness in securing the necessary domestic legislation. However, there would be a small supplement in the shape of 60m European currency units (Ecu) derived from levies on steel imports and possibly through an energy consumption tax whose proceeds would be devoted to energy policies.

The first traditional element is the customs duties and agricultural levies collected by member states at their national borders.

MEMBER S SHARES OF VAT PAYMENTS
Average 1979-81

W. Germany	29%
France	23.5%
UK	19.1%
Italy	12.7%
Netherlands	5.8%
Belgium	4.1%
Denmark	2.3%
Greece	1.6%
Ireland	0.7%
Luxembourg	0.2%

A Community "own resource" because they derive from the common external tariff, these have ceased to be a dynamic source of revenue because of stagnant trade and gradual tariff dismantlement. They have risen by about 6 per cent per annum over the last seven years while EEC spending has doubled and they now provide less than 40 per cent of total revenues.

The brunt of the financing, as a result, is increasingly borne by the VAT system. This was originally conceived as something which would directly link the citizen as taxpayer with the funding of Community policies. All member states would collect VAT and pass over a proportion to Brussels subject to a limit of 1 per cent of the total.

In reality, member states do not levy VAT on the same goods and services at the same rates, and so a common basket has been devised. Each government provides an estimate of the total national volume of retail sales for the basket and up to 1 per cent of this total can be called in by the Community.

The immediate and future problem is that the growth of this retail volume is not keeping up with Brussels' appetite for funds. This year all but about £550m of the 1 per cent limit will be spent, while next year the margin between the Commission's spending proposals and the ceiling will be only £411m.

The Commission's solution is to lift the ceiling to 1.4 per cent by means of an amendment to the EEC Treatries which will have to be ratified by national Parliaments. After that, own resources should cease to be a national Parliamentary concern, says the Commission. It recommends, very controversially, that each subsequent 0.4 per cent increase in the ceiling should be determined by unanimous agreement of member governments and a three-fifths majority of the European Parliament.

Why is the 1 per cent ceiling now said to be inadequate? The answer lies in the fudged solutions and muddled priorities adopted by the Commission and member governments over the past three years.

Whipped on by Mrs Thatcher when she presided over the London summit, heads of government tried and failed in December 1981 to get a better grip on farm spending. Their deadlock did not then seem too disastrous because agriculture was suddenly losing its voracious appetite for funds. After a 23.3 per cent annual rise in the costs of the Common Agricultural Policy (CAP) between 1975 and 1979, the hungry beast turned sickly in 1980 (8.4 per cent above the year before) and declined in 1981 when total farm spending was actually lower than in 1980.

This encouraged governments to launch a Community spending spree on other policies.

As a result of regional spending has trebled since 1980 and outlays on the Community's social fund risen by 250 per cent. Then last year a combination of excellent weather increased production and a 10 per cent rise in Community farm prices put fresh demands on the CAP budget.

Almost unremarked, the Community's butter mountain is now approaching the record heights of December 1971 when its measured 382,000 tonnes. Add in the fact that export subsidies are being increased to cope with sagging world prices and you arrive at the present situation where CAP spending is running at 35 per cent above the 14.05bn ecu budgeted for this year.

This surge in costs will have to be met by a supplement to the 1983 budget of around £1.2bn and threatens to make a nonsense of the 16.5bn ecu budgeted for the CAP next year.

For the longer term, the Commission is seeking partially to insulate the UK against the CAP's financial depredations. The imbalance in its payments derives from agriculture's domination of the budget, which the UK finances to the tune of 19-20 per cent. Yet only 11 of CAP spending finds its way back to the UK so the Commission's answer is to "modulate" part of the VAT financing in order that the UK pays less.

About two weeks ago cries of "Eureka" echoed around the Berlaymont when Commission officials found a politically defensible formula which would bring a proportion of the UK's payments for the CAP broadly in line with its receipts.

The idea is to set a 33 per cent limit on agriculture's share of total spending. This would be financed by member states paying their normal VAT shares. But if, for the sake of example, farm spending consumed 63 per cent of the total budget, then the 30 per cent excess would be financed by an adjustment in VAT shares.

These would be calculated according to three variables: share of final production of products covered by the CAP, net operating surplus (gross domestic product minus a variety of taxes and fixed capital consumption) and relative GDP. The average of the first two multiplied by relative GDP produces a new scale reducing Britain's and West Germany's share of the costs and increasing everyone else's, with some allowance for the relative poverty of Italy, Ireland and Greece.

It is this system which, it is claimed, will directly reduce British net contributions by between one-third and one-half.

Governments are still trying to think through the implications of all this. Ironically, the imminent debate will reveal just how like Mrs Thatcher other heads of government have become. Their obsession with Britain's net contribution has been slammed in the past as *uncommunautaire* and ignoring the wider benefits of Community membership.

Nevertheless the slide rules have been very active in national capitals over the last few days working out the national budgetary disadvantage of the Commission's proposals. This will not be the crucial factor determining attitudes in all cases. But as far as the future of the EEC is concerned, everyone is now being asked to put some money where their mouth is.

Men & Matters

Electoral risks

Scarcely an election passes without some candidate or agent falling foul of the electoral law. There are more than 200 pages of do's and don'ts to be observed in the Representation of the People Act 1983.

But for the first time in this election, those at risk from election petitions can get some insurance protection.

Legal Benefits, a member of the Legal Protection Group, is offering a policy to candidates and agents that would cover them against legal costs of up to £50,000.

That sum, says managing director Brian Raincock, was around the level of costs that Adrian Slade and Pat Wainright, the successful Liberal candidate and agent in Richmon's 1981 GLC election, faced in an action brought against them for overspending their budget by 66p.

The policy will also cover the legal costs of applications for relief from minor errors that are admitted.

Raincock says that it is in the control and declaration of election expenses that candidates and agents can most easily come to grief.

The Conservative and Social Democratic parties are recommending their candidates to insure themselves, and the Liberals are likely to follow suit. Labour candidates will be left to decide whether they think it is worth it.

All are being warned that the £55 premium will itself count as an election expense and will have to be declared.

"Friday the 13th! She's probably made over six hundred politicians superstitious at a stroke!"

House room

There is not much risk, on the other hand, in betting that several of the senior Conservative MPs who retire from the Commons today will still be making regular appearances at Westminster after the General Election—as members of the House of Lords.

John Peyton, who has been MP for Yeovil since 1951 and was the only member of Mrs Thatcher's 1979 Shadow Cabinet not to get a ministerial post, is one obvious candidate for a peerage.

In political terms, transition from the Commons to the Lords has often been likened to life after death. That is what seems to have been in the thoughts of Sir Albert Costain, MP for Folkestone and Hythe since 1959, during his final Commons speech yesterday.

He expected to be listening to the next debate on a Finance Bill he said, "from the gallery, either upstairs or downstairs, in heaven or the other place."

Action replay

Walter Cronkite, former star of CBS news and, according to opinion polls, more respected and trusted than any U.S. politician, is to cast a fresh eye over the British election campaign. He will make two special World in Action programmes for Granada Television.

Cronkite says he is looking forward to renewing acquaintance with Michael Foot. "We knew each other when I was a war correspondent in London in the 1940s," he says.

Should be just like old times.

Baltic tars

The Queen's visit to Sweden in the Royal Yacht Britannia later this month offers a trade opportunity which the wise men of the British Overseas Trade Board and the Committee on Invisible Exports have been quick to exploit.

By pulling Palace strings they have managed to borrow Britannia for a day while she is in Swedish waters.

A grand conference is planned to talk about Anglo-Swedish cooperation in overseas markets. About 100 delegates (20 British and 80 Swedish) will attend a shipboard seminar and enjoy a mini-cruise lasting most of the day in and around Stockholm harbour.

William Clarke, director of the invisibles committee, is frank about the advantages of promoting trade on the Royal Yacht — it was done on one previous occasion in the Bay of Naples: "Very few people refuse the invitation, and once aboard they make up what could be called a captive audience."

In exploiting the potential of the Royal Yacht the export men are pursuing the old principle that trade follows the flag. The Britannia talks will, however, concentrate upon joint flag operation between Sweden and Britain.

There is a strong feeling in the City of London that the two countries have the capacity to undertake many joint overseas projects by combining complementary skills—in particular British financing and consultancy, and Swedish technical management.

A model for the Britannia talks will be the recent Anglo-Swedish partnership on a case study for the Mrica hydro project in Indonesia.

Bio-scope

The oldest and largest U.S. biotechnology company, Cetus Corporation, is losing one of its founders.

Dr Peter Farley, vice-chairman of the company he helped to set up 12 years ago, has handed in his resignation and plans to form a new venture in the ever expanding health care market.

His departure will come as a blow to the microbe engineering company which was among the first to go public in 1981 leading a subsequent wave of bio-tech new issues.

With the company now in new hands, Farley clearly believes it is time to face a new entrepreneurial challenge. He is not, however, leaving the world of new technology altogether. His new company plans to market a specialised software package to measure the quality of health care and cost efficiency of hospitals and doctors for insurance companies eager to cut costs.

Word of mouth

Snack counter sign in a Birmingham pub: "Our tongue sandwiches speak for themselves."

Observer

BIOTECHNOLOGY IN BRITAIN

How to make a Nobel prize pay

By David Fishlock, Science Editor

CAN THE world's best scientists be persuaded to work closely with industry to open up new commerciol opportunities for Britain? This is a questioo which is exercising the Prime Minister's science advisers, who are investigating bow the UK could capitalise more efficiently on its Nobel-prizewinning acientists.

Back in the laboratories Britain's boffins are discovering a very effective mechanism for closer industry-university relations in some of the new biotechnology ventures. Already Britain has more than two dozen ventures, out of obout 200 worldwide. Several new ones are gestating and may be born this year.

The best scientists—those of Nobel prizewinning calibre—rarely want to work for big business, such as the big drug companies, says Dr Alison Taunton-Rigby, the Yorkshire-born vice-president for research of Collaborative Research, a leading U.S. biotechnology venture. But they can be persuaded to work very productively with small commercially minded research teams having the flexibility—and the will—to respond swiftly to a fast-changing science.

Such small teams in turn will act as nurseries for new inventions until they are robust enough to be transplanted into bigger industries.

Dr Teunton-Rigby, who amigrated soon after taking her PhD at Bristol, works closely with Prof David Baltimore of MIT, a "genetic engineer" who woo the *Nobel Prize for Medicine* in 1975.

Prof Herbert Boyer from Stanford University, California, co-inventor of a basic technique of geoetic engineering, by which genes can be tailored, is the founder of Genentech. This San Francisco company of about 350, founded in 1977, is scientifically the most successful of all the oew bio-ventures.

Dr Walter Gilbert, formerly Prof Gilbert of Harvard, Nobel Prizewinner for medicine in 1980, founded Biogeo in 1979 to exploit internationally the aame principles on which Genentech is based. Dr Gilbert has since resigned his university chair to become full-time chairman and chief executive. His corporate investors include Grand Metropolitan. So valuable does Biogen rate Dr Gilbert, it has taken out "key-man insurance" of $5m on his life.

Mr Gerard Fairtlough *exclusive deal*

Sir James Gowans *dismisses complaints*

Both Genentech and Biogen recruited impressive scientific advisory boards of top-notch university scientists, often close collaborators of their founders, working right at the frootiers of the science, to guide their research programme, Biogen, whose scientific advisers were recruited mainly from European—incinding British—universities, has contributed over $6m to their laboratories.

But Celltech in Britain may have gone one better. This upstart, born only at the end of 1980 — amid forecasts that it was "too little, too late"—has harnessed an *entire national* research effort to its research programme, to the chagrin of British pharmaceutical groups, just awakening to its progress.

Celltech was Britain's response to Genentech, Biogen and e host of other U.S. bio-ventures launched in the late-1970s to exploit the new techniqnes of genetic engineering. It was created by the National Enterprise Board, since combined with the National Research Development Corporetion and renamed the British Technology Group (BTG). It got the kiss-of-life from a government opposed to new state ventures because more than half the £12m wanted for the launch was subscribed by the City.

But the real coup on the part of Mr Gerard Fairtlough, Celltech's creator and oow chief executive, was not raising City cash, at a time when Americans were tumbling over themselves to invest in such bio-ventures. The real coup was his deal with the Medical Research Council, giving Celltech exclusive access to all research on monoclonal antibodies in the laboratories and units of the MRC.

The MRC is e government-funded research operation, costing the taxpayer more than £100m a year, employing four Nobel prizewinners

Monoclonal antibodies were discovered in one of the MRC's laboratories, in Cambridge, in 1975.

But tha potential commercial valne of monoclonal antibodies went unrecognised in the mid-1970s.

The delay may have cost Britain tho opportunity of patenting one of the hasic techniques of genetic engineering.

Celltech offered everyona e golden opportunity to repair any past errors. Sir James Gowans, the eminent Oxford medical scientist who manages the MRC, accepted a seat on its board, as token of his own enthusiasm for transferring MRC inventions and discoveries to the new venture. Sir James is delighted with the eagerness shown oo both sides for rapid technology transfer.

He brusquely dismisses complaints by companies which charge that Celltech's exclusive access is unfair. At least it has brought them round, often for the first time, to see what else they might be missing, be says.

Celltech even hijacked an entire MRC unit, specialising in immuno-assay, a potential billion-dollar market for monoclonal antibodies. It persuaded Dr Bill Hunter, head of the unit, to become research manager of its new diagnostics division. Three more scientists followed and the MRC was obliged to shut the unit.

They all went to Slough, where Celltech has acquired a cluster of 50-year-old factories on the trading estate. It's a far cry from early ideas that a research-based company must snuggle closely to a high-powered research centre such as Cambridge.

But not only the site at Slough impresses its customers and backers, says Mr Fairtlough. As a former Shell executive, he recognised from the start that the company must develop productive manufacturing techniques for monoclonal antibodies, which were being made by the MRC using mice as "mini-reactors." Celltech taught itself bow to make big batches in bio-reactors. A battery of lofty 100-litre bio-reactors is just being installed. Now it is trying to develoo a continuous method.

In contrast, Hybritech, one ot its biggest U.S. rivals io monoclonal antibodies, which began to exploit the MRC inventioo in 1978—and has secured U.S. patents on some applications—reports that its production is still based on mice as mini-reactors. It is consuming 5,000-6,000 mice a month. Meanwhile, other U.S. companies are buying their monoclonal antibodies "in bulk" from Celltech, to their own specifications.

Mr David Gration, manager of Celltech's oewly formed diagnostics division, just back from a tour of the U.S. and Japan, says "it's clear that, scientifically, we are up with anyone in the U.S. and Japan." For Fairtlough, the strong card is the company's access to academic talent through the "extraordinarily important" relationship with the MRC.

Can this highly productive industry-academic relationship be repeated? There is little doubt that the cash will be forthcoming to support more new bio-veotures. One index of bio-venture stocks, compiled by E. F. Hutlon and published by the journal Nature, has risen from a base lioe of 100 to 213 in tha past ten months.

Celltech says it bas been visited regularly by City investors seeking a ahare. Mr Fairtlongh forecasts that it will have no problems when the time comes to raise more money, "in the next year or two"

A "country cousin" of Celltech has long been gestating, which aims to forge the samc kind of relationship between a new bio-venture and tha plant and animal genetics research of the *Agricultural Research* Council, a body which spent about £90m last year. Provisionally named the Agricultural Genetics Company, this venture is oow to be backed by Ultramar, Advent Capital and BTG, in three equal shares, to a total commitment of about £15m.

Cogent, a company owned jointly by two major insurance groups, Commercial Union and Legal and General, bas just launched a new bio-venture in genetic engineering based on tha Inveresk Research Institute in Scotland with an advisory board of four dons.

Five large but non-competing companies — Dalgety-Spillers, Distillers, Gallaher, John Brown and Whitbread—have found a total of £1.5m for a novel research partnership in genetic engineering oo the campus of Leicester University.

Technical Development Capital, venture capital arm of *Finance for Industry*, has backed four new bio-ventures, including Celltech (14 per cent) and Plant Science, a oew *university-based* company at Sheffield. But its most ambitious venture, still gestating, concerns Porton, the former *Microbiological* Research Establishment of the Ministry of Defence. In the 1960s this laboratory was one of Britain's most powerful concentrations of talent in biotechnology. The DoI is investing £2m at Porton to upgrade its fermentation plant. TDC, meanwhile, is shaping a commercial venture to exploit the scieoce dormant at Porton for a decade.

Malcolm Rutherford's Politics Today will appear on Saturday's during the general election campaign.

Exchange Rates

There is a role for intervention

By C. Fred Bergsten and John Williamson

DIRECT intervention in the exchange markets has been an important, if secondary, issue of disagreement among the summit countries for the past 2½ years. The Reagan Administration has taken an extreme positioo in almost totally rejecting any effort to infinence exchange rate movements directly. In contrast, all tha *other summit* countries bave continued to intervene periodically.

They have felt that their efforts were *hampered by* the inactioo of the U.S., however, and therefore sougbt to restore the co-operative approacb to intervention which characterised earlier periods. The issue was discussed at the Versailles summit a year ago, and a working group was set up to study the issue. Its report (the Jurgensen report) was released on April 29.

An important achievement of the working group was to agree on the oeed to distinguish between *sterilised* and *unsterilised* intervention. Sterilised intevention means that the authorities offset the domestic monetary impact of their exchange market activides with open-market operations or other domestic policy tools, ieaving the monetary base and (to a first approximation) money supply onchanged. Unsterilised intervention means that the authorities finance their purchases or sale of foreign currencies by issuing domestic money, thns expanding or contracting the monetary base and money supply. In the past *Anglo-Saxons* have tended to assume that "interventioo" meant aterilised intervention while the Cootinental Europeans and Japanese interpreted the word as meaning unsterilised intervention, and much confusioo resulted from this key difference in concept.

Operationally, the report concludes that even sterilised intervention could he an effective tool in influencing the short-run behaviour of the exchanga rate. Intervention *can* be used to counter disorderly markets, e.g., where uncertainty has led to abnormally wide bid/ask spreads or where "bandwagon" effects are taking hold. Opinions will no doubt continue to differ as to just how necessary or useful intervention for these purposes may be, but its potential effectiveness in this limited role bas now been authoritatively endorsed.

The report also agrees that unsterilised interventoon is markedly more effective than sterilised intervention io influencing exchange rates, especially in the longer run. This conclusion is very much in line with the mounting evidence from academic sources and bas strong economic logic hehind it. The implication is that monetary policy must be permitted to support direct intervention if lasting exchange rote effects are sought.

Over valuations continue to breed slumps in the internationally exposed sectors

The report has therefore done o good job of clearing up the *technical issues. Unfortunately* the Ministerial atatement that accompanied its release gives little hope that technical agreement *will be translated into* an agreed policy initiative.

The statement started off by repeating the official rhetoric about "orderly underlying economic and financial conditons [being] necessary to achieve stable exchange merkets." *This is unobjectionable if* interpreted literally, but false if interpreted—as it is in the oext sentence of the Ministerial statement—to imply that convergence on "sustainable oon-inflationary ecooomic growth ond high employment" is the key to *exchange rate stability.* Growth, high employmeot and stable prices are devoutly to be desired, but for their own sakes *and not as a means to exchange* stability.

In fact the only connectioo between convergence and exchange *stability is that* constant nominal exchange rates require convergeot inflatioo rates.

But *oominal exchange rates* have not changed to neutralise differential inflation. Had they moved in that way, there would be little reason for dissatisfaction with floating.

Neither is the short-run volatility of floating rates, against which sterilised intervention is effective, a matter of major concern.

Rather, the overwhelming inadequacy of the floating rate system is that exchange rates *fly off to levels that leave* competitiveness wildly inappropriate from a long run point of view. "Over valuation" and "under valuation" *did not* become obsolete concepts with the odvent of floating. Over valuetions continue to breed slumps in the ioternationally exposed sectors, de-industrialisation and protectionism. Under valuations continue to generato inflationary pressures. Either precludes satisfactory economic performance. Both have persisted for months aod years.

The Jnrgenseo report's endorsement of the propositioo that unsterilised—but not sterilised—intervention can be an effective tool in combating persistent misalignment of exchange rates implies that any serious attempt to remedy the major ill of floating would need to allow monetary conditions to vary with a view to influencing the exchange rate. This would, of course, be a major policy departure, sioce floating has loog beeo attempted oo the ground that it liberates monetary policy from tbe need to influence the exchange rate. But the question is whether the "liberatioo" of monetary policy to pursue monetary targets is worth the cost that sucb pursuit has entailed in generating misalignment.

In their statement, however, the Ministers repeat that "stability"—rather thao an appropriate level of the exchange rate—is their agreed objective. They then dangle the red herring of convergence as the main means of achieving greater stability. And they even manage to overlook the distioction between sterilised and unsterilised intervention that had beeo drawn with such care in the Jurgensen report.

That report laid a valuable basis for wbat should be a major debate about the future orientation of monetary policy. Unfortunately, the Ministers missed the opportunity to launch that debate.

Mr Bergsten is director of the Institute for International Economics, Washington, and Mr Williamson is a senior fellow there.

Letters to the Editor

UK motor industry—capacity for a bigger market

From the Chairman and Managing Director, Ford Motor Company

Sir,—I must take issue with the article "New car demand *boosts imports*" by *Kenneth* Gooding on May 5 and set the record straight.

The article asserted that I have argued against stimulating the car market because "very little more prodoctioo can be squeezed out of British car plants" and the result would simply he to suck in imports.

Far from supporting this view, I have frequently made it clear that the British motor industry does bave a capacity to handle a bigger market—always providing we can raise productioo to match that capacity. This, indeed, was the argument which George Turnbull and I put to the Chancellor wheo we saw him last year.

At Ford we are working assiduously at the task of increasing supplies from our British plants. Fiesta production in Dagenham has beeo doubled in the past two mooths while our Sierra requirements are being met predominantly from the same plant—including, from this month oowards, the Ghia models. It is true that we had a major setback at Halewood earlier this year, but we have now resumed the progress that encouraged us some months ago to expand the range supplied from that plant.

As a result of all these efforts our import sourcing has now been reduced from a level of almost 50 per ceot last year to 43 per cent of total requirements this year. In fact our resourcing plans during 1983 will, assuming we meet our productioo schedules, result in a steadily declining imported share, reaching 30 per cent in the final quarter. Because there is e pipeline effect it will, of course, take a little longer than that to show fully in the car registratioo statistics.

What this demonstrates, however, is that we are capable of taking our full share of the forecast expansion in the UK market this year to 1.7m and beyond while actually reducing imports into the bargain—as long as we can maintain the efficiency improvement now hegun.

One point which I have made in the past, and which I stand by, is that progress of this kind can only be built on solid foundations. Expansion in the car market, as in the ecooomy as a whole, will oot be served by opening the floodgates. Rising inflation could only lead to a further downturn just wheo we have begun to see a more encouraging outlook.

Sam Toy.
Brentwood, Essex.

Bargaining unions

From Mr A. Scott

Sir, — The electorate knows thet the Labour Party cannot work extreme Socialism in this country. To operate it, e *government must control* the economy, and to do that it must have absolute control over pay. That is why bargaining unions are anathema *in Communist* countries.

How can a political party which is supported and financed by bargaining trade unions who want nothing to do with wage coutrol expect to work Socialism, even in theory?

In practice it also does not work, because bureaucratic control is inefficient and in time becomes corrupt.

A. H. Scott.
102, Beeches Road, Chelmsford, Essex.

Further letters Page 12

Technological strides

From the Joint Managing Director, Mainmet

Sir,—Mr J. Diamond (May 7) oo the subject of district heating refers to the need for "e close investigation into the usars complaints about tha scheme." The schemes referred to have both been functioning for many years, and indeed the one at Pimlico bas recently been refurbished following the end of the Battersea power station's useful life. Surely a significant sign of confidence and consumer acceptance for district heating.

Mr Diamond also makes no mention of the buge technological strides that have been taken in recent years, or more significantly, months, in developing equipment which now enables district beating (with or without CHP) to be operated identically to alternative individual systems. With these new developments it should be clear that all users (commercial and domestic) will be anxious to taka up heat and power at 10 per cent less cost than the cheapest alternative.

G. C. Towler.
1-3, Station Road, Cullingworth, Bradford. West Yorkshire.

Thermal efficiency of power stations

From the Deputy Commercial Adviser, Electricity Council

Sir,—In his Energy Review of April 28, Richard Johns began with the somewhat extravagant claim that "there can be few, if any, technological processes more wasteful than the generation of electricity." I can only hope that as an *introduction to* the admittedly difficult subject of combined heat and power this statement was intended to be treated as hyperbole.

If your energy correspondent is like the rest of us, be is no more worried about the thermal efficiency of power stations when he uses electrical appliances than he is about the thermal efficiency of his motor-car engine when driving. If efficiency is his criterion, then his car should cause him several times more concern than his electricity supply.

Lika users generally, be is at least implicitly aware of the overall cost to himself of using a kWh or driving for a mile. Because in each case he is quite free to choose, he is clearly assessing thet the benefits of using a unit of electricity at least equal 5p (or 2p at night on Economy 7) just as the advantages of private motoring at least equal 10p a mile. Thermal efficiencies en ronte are something of a red herring.

J. A. Burchnall,
Tha Electricity Council,
30 Millbank, SW1.

District heating and gas prices

From the Managing Director, Marketing, British Gas Corporation

Sir,—Having read the Energy Review of April 28 "How heating might cost 10 per cent less," I believe there to be some real misunderstanding as to the pricing policy adopted by British Gas in relation to district heating schemes. In the first place there are many more district heating schemes supplied by gas than any other fuel. Secondly, we have never applied prices which discriminated against such schemes. Indeed, our consistent policy has been to price gas on an equivalent basis to that which would have been paid by individual domestic customers using gas for heating or in the case of larger schemes at prices lower than the equivalent price in the domestic market. Such policies continue to be in force.

District heating schemes using up to 25,000 therms per annum are charged for gas on the same tariff as domestic bouseholders, and by virtue of their higher consumption do in fact pay a lower average price per therm consumed. The larger schemes are charged on the basis of individually negotiated contracts and the prices are appreciably lower than the published tariff.

W. R. Probert.
Rivermill House, 152, Grosvenor Road, SW1.

Reading the runes

From Mr C. Turner

Sir, — When studying the accounts of BAT and Unilever for tha year ended December 31 1982, I ootice that International Stores is called a 100 per cent subsidiary by BAT and e 25 per cent trade investment by Unilever. Am I missing something, or have the auditors, who were remunerated e combined £8.7m, dropped a clanger!

C. C. Turner.
4, Billing Place, SW10.

Transport fares in London

From the Opposition Spokesman on Industry and Employment, Greater London Council

Sir,—The proposed Loodon Transport fares cuts to be introduced on May 22 hava o price.

The additional weekly cost of the new fares scheme will be £8.31 for the average office ratepayer and £5.89 for the everage *factory* ratepayer.

But this is oot all. There will be a further burden because the Lahour GLC proposes to ignore the Government's subsidy guidelines issued under the Transport Act 1983. These would permit GLC to support London Transport to the tune of £125m in the financial year 1983-84. The cost of the May 22 changes, however, will be £235m. Therefore, there is a balance to be funded by the ratepayer of £110m. This means an extra £11.29 per week for the average office ratepayer and an extra £8 per week for the average factory ratepayer.

Adding together the two figures, the average office ratepayer will be paying *an extra* £19.60 per week and the average factory ratepayer £13.89 per week. The effect on employment in the capital of this additional rate burden on industry and commerce would be only too easy to predict. It will lead to a further exodns of employment opportunities from Greater London following the example set by, among others, the National Unioo of Mineworkers!

(Councillor) Bryan Cassidy.
Members' Lobby, County Hall, SE1.

FINANCIAL TIMES

Friday May 13 1983

U.S. WEAPONS 'UNDER JOINT CONTROL'

Thatcher pledge on cruise

BY OUR POLITICAL STAFF

MRS MARGARET THATCHER, the UK Prime Minister, said yesterday that there would be joint control with the U.S. over cruise missiles, due to be stationed in Britain later this year.

In an attempt to reduce the controversy caused by the issue, she told the House of Commons that none could be launched from British territory without the agreement of the British Prime Minister.

Mrs Thatcher told MPs that the existing understanding between the UK and the U.S. Governments over the stationing of nuclear weapons in Britain had been jointly reviewed.

"We are satisfied that they are effective. The arrangements will apply to U.S. cruise missiles based in the UK, whether on or off base," she said.

Mrs Thatcher added: "The effect of the understanding and the arrangements for implementing them is that no nuclear weapon would be fired or launched from British territory without the agreement of the British PM."

The UK Parliament will meet for the last time today before the general election on June 9. Last night, Mrs Thatcher warned Conservative Members of Parliament not to be complacent. She said that Labour (the main Opposition party) would produce a scare a day and that opinion polls did not win elections, but work did.

The latest opinion poll, taken on May 11/12 by Harris for the TV Eye programme, gives the Conservatives a 21 per cent lead over Labour, with the Alliance of Social Democratic and Liberal Parties trailing in third place. The Alliance yesterday became the first main party to publish its manifesto for the election.

In its programme, the Alliance calls for increase public investment to reduce unemployment by 1m over two years, an agreed pay and prices policy, and compulsory secret ballots for the election of trade union officers and before an official strike.

A strong supporter of the EEC, the Alliance calls for Britain to become a full member of the European Monetary System. "Membership (of the EEC) has increased our political influence with our European neighbours and in the world beyond," it says. It advocates further development of the community and new common policies.

On defence, the Alliance says it strongly backs multilateral disarmament. The Trident missile programme should be cancelled and Polaris should be included in the Geneva arms talks "as a further contribution to the prospects of multilateral disarmament."

The manifesto was strongly attacked yesterday by Mr Cecil Parkinson, the chairman of the Conservative Party. He described the programme as "watered-down socialism from a bunch of milk-and-water-socialists."

Mr Denis Healey, the deputy Labour leader, claimed yesterday that Mrs Thatcher's economic policy had already begun to fall apart.

"The Stock Exchange has collapsed, sterling is falling and the Bank of England has just revealed that for the last three months the money supply has been growing twice as fast as the Government planned," he said.

"The Chancellor has had to admit that he borrowed £2bn more in the last financial year than he told us at budget time. He will do the same this year, too. So much for sound money under the Tories," Mr Healey said.

Election roundup, Page 6; Editorial comment, Page 16

Manville may offer reorganisation deal

BY RICHARD LAMBERT IN NEW YORK

MANVILLE CORPORATION, of the U.S., plans to put forward a reorganisation plan to its creditors in the near future, unless it can secure a negotiated deal that would settle the outstanding asbestos-health claims against the company for a fixed sum.

Manville, the world's biggest producer of asbestos products, filed for protection under Chapter 11 of the Federal bankruptcy code last August. It said it had been overwhelmed by the cost of the asbestos-health lawsuits being filed against it.

The company said yesterday that it was still trying to secure a negotiated deal over the health claims, which would include an arbitration procedure for asbestos-related health conditions that manifest themselves in the future. Under such a plan, lenders and trade creditors would also be paid out over a fixed period.

But whether an agreement could be reached was uncertain, the company added. If negotiations failed, it would propose a reorganisation plan to its creditors, including asbestos-health claimants.

These claimants would be asked to vote on whether their claims should be resolved through a special "no fault" compensation system or through a settlement process administrated through the bankruptcy court.

Manville said the "no fault" system would base compensation on the extent of the claimant's disability, and would "avoid the heavy expenses and long delays involved in the litigation process."

Litigation costs and court delays would be reduced under either alternative, the company added.

In any event, Manville plans to transfer its non-asbestos businesses to a newly formed company. As a result, asbestos-related claims could only be made against the old Manville companies and would be covered out of existing insurance and a portion of the cash generated by the future operations of the "new" Manville.

Voting stock in the new company would be owned by present Manville shareholders and by providers of new equity capital, if any. The new company would assume all Manville's commercial liabilities.

The company gave no details of the likely level of payments to claimants and commercial creditors under its schemes. It said only that the "new" Manville's balance sheet would have to be strong enough for it to survive and grow, and to meet its obligations to existing Manville companies.

Its proposals are likely to be attacked by lawyers

Trans World fights off Odyssey challenge

BY WILLIAM HALL IN NEW YORK

TRANS WORLD Corporation, the U.S. airline and hotel concern, claimed victory yesterday in its battle with a dissident shareholder group that wants to split up the company.

Trans World announced yesterday that a proposal by Odyssey partners, calling for the break-up of Trans World, was supported by less than 23 per cent of the 27.99m shares eligible to be cast at the company's annual meeting, held in Kansas City on April 27.

The meeting was adjourned until yesterday pending the report of the election's inspectors.

Odyssey, an investment group, said, however, that 6.4m votes had been cast in favour of its proposal and that that constituted 32 per cent of the 20.2m shares voted for and against the proposal. There were 1.49m abstentions.

Leon Levy, a partner in Odyssey, said that the number of votes supporting their proposal "constitutes a clear message to Trans World's board of directors that the stockholders desire that a separation programme be studied and implemented."

Odyssey, which only owns 1 per cent of Trans World common stock, said that management, as always, had a substantial advantage because of its ability to use the corporate proxy machinery and to influence certain stockholders with business and other connections with the company.

Mr Levy said he was optimistic that Trans World's board would not ignore the views of so many of its stockholders. The Odyssey proposal called on Trans World to study and implement a plan to separate its various businesses. These include TWA, Hilton International, Spartan Food Systems, Century 21 real estate and Canteen Corporation by spinning them off to shareholders or selling them.

The proposal called for a report to stockholders by a committee of outside directors by the end of August.

Mr Edwin Smart, Trans World's chairman and chief executive, said that the results of the vote showed that there was "little meaningful support for this kind of proposal."

Mr Smart said that the Odyssey proposal was based on the argument that even such healthy and successful companies as Trans World could be worth more broken up.

"These break-up schemes are geared entirely toward reaping an assumed short-term gain and ultimately can be quite damaging to business."

Sovereign loans on discount

By Alan Friedman in London

AN UNUSUAL secondary market in syndicated loans to Latin American governments has been started by Eurinam International, a fledgling New York-based finance house.

Mr Martin Schubert, chairman of Eurinam and formerly of Rosenthal International, the U.S. commodity broking and banking house, said yesterday his company had acted as an intermediary for more than $15m of discounted syndicated loans since March.

"We are making a two-way market in discounting restructured syndicated loans. The market price is based upon each country and what the traffic will bear."

Mr Schubert said the buyers of such discounted loan paper included multi-national companies, private investors and a few banks. The sellers were small U.S. regional banks and some European banks.

The discounted paper included Brazilian and Venezuelan loan paper, and the discounts ranged between 5 and 12½ per cent of face value.

"The bigger banks are reluctant to sell because they don't want to take write-offs," Mr Schubert said.

Two killed in Chile miners' protest

BY MARY HELEN SPOONER IN SANTIAGO

AT LEAST two people were killed and 200 arrested during Chile's first nationwide anti-government protest since General Augusto Pinochet's military regima took power nearly 10 years ago.

The protest was organised by the copper mineworkers' confederation, which had withdrawn an earlier call for a national strike to protest against the regime's economic and social policies.

The confederation, which is made up of 22,000 copper workers at the state copper corporation's four mining centres, called for a boycott of public transport and urged Chileans to refrain from shopping and to keep their children away from school.

It also urged workers to boycott the company lunchrooms and to work slowly.

Sr Rodolfo Seguel, confederation President, claimed that on Tuesday his organisation's telephone lines had been cut, effectively hampering communications between its officers in Santiago and workers at the mining centres of Chuquicamata, El Salvador, Andina and El Teniente. Nevertheless, he maintained that the mineworkers' protest had been carried out as planned.

In Santiago, private and government-run schools reported absenteeism of around 70 per cent. Traffic in the capital was about a third of the normal level, although most shops and businesses remained open.

During the evening, residents of working-class areas held "empty pot" protests, similar to the demonstrations held by upper and middle-class housewives during the socialist government of President Salvador Allende between 1970 and 1973. The protestors banged empty pots and pans together to signal their complaints against the high cost of living.

Government officials maintained that the protest had failed and that industrial production continued normally throughout the country.

Woolworth recovers to $1m profit

BY WILLIAM HALL IN NEW YORK

F. W. WOOLWORTH continued its recovery in the first quarter of 1983. The U.S. retailer reported net income from continuing operations of $1m, compared with a loss of $5m last year when earnings were cushioned by a $5m after-tax gain from the repurchase of debentures for the group's sinking fund.

Mr John Lynn, Woolworth's chairman and chief executive, said the results were a significant improvement over the first quarter of 1982 and a continuation of gains in the final quarter last year.

First-quarter sales rose 4.7 per cent to $1.1bn and foreign sales rose for the first time in a year.

Domestic operating income rose from $12m to $17m. Foreign operating income was $8m against a $3m loss last year.

Woolworth and Kinney in the U.S., Woolworth in Canada and West Germany and Kinney's Australian operations all achieved increased operating income.

The group's first-quarter performance was helped by a 27 per cent fall in interest charges to $19m. The company says short-term debts at the end of the first quarter had been reduced by $355m to $181m. Total debts including obligations under capital leases, were cut by $402m to $702m.

Woolworth has been able to cut debts after discontinuation of the U.S. Woolco operations and the sale of the British subsidiary last year.

World Weather

		°C	°F			°C	°F
Ajaccio	S	21	70	Dubrovnik	S	21	70
Akrotiri	S	23	73	Faro	F	18	64
Algiers	S	24	75	Florence	C	23	73
Amsterdam	S	12	54	Frankfurt	C	13	55
Athens	F	21	70	Funchal	F	20	68
Bahrain	S	36	97	Geneva	C	15	59
Bangkok	S	35	95	Gibraltar	F	20	68
Barcelona	S	21	70	Guernsey	F	11	52
Beirut	C	22	72	Helsinki	D	12	54
Belgrade	S	25	77	H. Kong	C	29	84
Berlin	F	18	64	Innsbruck	F	16	66
Biarritz	S	11	52	Inverness	F	11	52
Blackpool	F	12	54	Istanbul	S	19	66
Bordeaux	S	11	52	Jersey	F	11	52
Brussels	C	12	54	Jo'burg	S	21	70
Budapest	S	21	70	Las Palmas	F	22	72
B. Aires	S	23	73	Lima	S	28	82
Cairo	C	37	99	Lisbon	S	15	59
Cape Town	—	—	—	Locarno	R	12	54
Caracas	C	30	86	London	F	12	54
Casablanca	F	18	66	Los Angeles	S	24	75
Copenhagen	S	13	55	Luxembourg	S	11	52
Corfu	S	24	75	Madrid	C	16	61
Dublin	C	9	48	Majorca	S	23	73

		°C	°F			°C	°F
Malaga	S	22	72	Salzburg	S	22	72
Malta	S	23	73	Seoul	S	26	79
Manila	S	37	99	Singapore	S	32	90
Miami	C	26	79	Stockholm	F	15	59
Milan	C	18	81	Strasbourg	C	19	64
Moscow	S	21	70	Sydney	—	—	—
Munich	S	21	70	Taipei	C	29	84
Nairobi	—	—	—	Tangier	F	20	68
Naples	S	21	70	Tehran	—	—	—
New Delhi	C	37	99	Tel Aviv	S	26	79
New York	F	18	81	Tenerife	C	21	70
Nice	F	19	66	Tokyo	C	25	77
Oporto	C	14	57	Toronto	F	17	63
Oslo	S	12	54	Tunis	S	25	77
Paris	C	12	54	Valencia	S	24	75
Prague	C	18	64	Venice	F	20	68
Reykjavik	F	5	41	Vienna	S	15	66
Rio de J'o	C	33	91	Warsaw	F	17	63
Rome	S	22	72	Zurich	C	17	83

Readings at mid-day yesterday:

C–Cloudy D–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sun Sl–Sleet Sn–Snow T–Thunder

Setback for U.S. budget

Continued from Page 1

while the moderates want an increase of around $14bn, against the $30bn or so sought by the Democrats.

The prospect loomed that the Senate might have to give up the attmept to reach agreement, with the result that Congress would have no budgetary resolution setting standig guidelines in the fiscal year starting on October 1.

Mr Reagan has made clear that he would prefer to do without such a resolution, if it provided for too much in new taxes and too little in defence spending.

He added yesterday that he would not consider himself bound by such a resolution, which is technically only an internal Congressional document.

The White House believes that it might well do better to return to more traditional appropriations procedures, under which Mr Reagan could veto or sign individual spending Bills as he wishes.

While his view is shared by some leading Republicans on Capitol Hill, others want a resolution adopted, even if it is less than perfect, so as to ensure that Congress maintains some control over the budgetary process.

New North Sea fields face delay as royalty Bill dies

By Ray Dafter in London

BRITAIN's general election has robbed North Sea oil companies of a major tax concession designed to speed up the development of new fields.

The Conservative Government ran out of time in its bid to push through a Bill which have abolished royalties – equivalent to 12.5 per cent of production – on newly developed fields. Offshore operations warn that could be a delay in the exploitation of fields which were about to be declared commercial.

The Government, concerned at the way UK offshore oil developments were tailing off, introduced wide-ranging tax concessions in its March budget to improve the investment climate.

Most of these concessions, including extra allowances against petroleums revenue tax, are to be implemented immediately under the Finance Act. But the scrapping of royalty – for many offshore operators, the most important relief being offered – required the passing of a separate bill. This piece of legislation, the Petroleum Royalties (Relief) Bill, has been dropped.

Oil companies are confident that the legislation will be reintroduced early in the next session of Parliament, irrespective of the outcome of the election. But it is likely that some will delay submitting formal development plans before they are sure.

Mr Nigel Lawson, Energy Secretary, told the House of Commons earlier this week that over the next two years development plans were likely to be submitted on average once every six weeks. The estimate is based on Energy Department information that at least 17 projects are being closely studied by North Sea companies. These projects could involve investments of more than £5bn ($7.75bn).

Meanwhile, oil companies and industry analysts remain puzzled by Mr Lawson's repeated assertion that UK oil production this year will be no higher than last year's average of 2.1m b/d.

The estimate has been given to members of the Organisation of Petroleum Exporting Countries to underline Mr Lawson's view that stability has returned to the international oil market.

Government figures show that North Sea production in the first quarter averaged 2.25m b/d. Oil companies point out that the start-up of new fields like Magnus and North West Hutton later this year will more than offset any decline in production from mature fields.

Stockbrokers also forecast an increase in production, to 2.3m b/d according to Wood, Mackenzie and to 2.2m b/d according to Hoare Govett.

But the Energy Department maintains that production this year should be between 1.9m b/d and 2.3m b/d. It warns that weather and production problems can put a brake on output.

IMF 'well suited' for new role

By Reginald Dale, U.S. Editor, in Washington

THE International Monetary Fund (IMF) would be the "perfect institution" to pursue proposals for dismantling obstacles to international trade and fighting protectionism, Washington officials said yesterday.

The officials were responding to Wednesday's call by a meeting of a group of eight leading industrial countries in Paris for the IMF to play a greater role in promoting free-trading policies through its contacts with member countries.

The expectation in Washington is that the IMF would be only too willing to follow up the Paris meeting's suggestions, which are totally consistent with its charter.

The IMF would be ready to do anything its member governments asked that did not go against the charter, officials said. They pointed out that Article 1 of the charter establishes that one of the IMF's purposes is to "facilitate the expansion and balanced growth of international trade" so as to maintain high levels of employment.

In recent programmes for borrowing countries such as Argentina, Mexico and India, the IMF has already started providing for increased import levels, but it has not limited its efforts to developing country borrowers. The IMF has also been working to promote more free trade in its annual economic consultations with all member countries, including the major industrialised nations, under Article 4 of the charter.

THE LEX COLUMN

Cash and carry for Sweden

Alfa-Laval's £23m share placing in the London market yesterday is only one of several overseas issues now being launched by Swedish companies. It comes only a day after a $250m American Depository Receipt offering by L. M. Ericsson in the U.S., and precedes plans for a further two Wall Street issues from Gambro, a blood therapy company, and Norsk Data. These together may raise about $80m; and back in London, Volvo is said to be joining the queue.

Wall Street's present appetite for any offerings with a flavour of advanced technology makes it an obvious target for many of these Swedish companies. Despite the attractions of raising equity at the dizzy levels of current Stockholm share prices – the index has risen by 68 per cent since the beginning of January – the local market has limited capacity. Moreover, the capital seekers are all international by nature – they are either growing fast and want to make themselves better known overseas, or they are well established in foreign markets (almost 90 per cent of Alfa Laval's sales are outside Sweden) and are looking for equity to balance their foreign borrowings: the krona's 25 per cent devaluation over the last two years may have done wonders for profits, but it has correspondingly bloated foreign debt.

Foreign investors have become equally important in equity-raising in the Stockholm market. From being net sellers in 1980, foreigners have steadily increased their buying of Swedish shares to SKr 1.3bn last year, lifting liquidity to a point that has helped fuel the runaway rise in share prices.

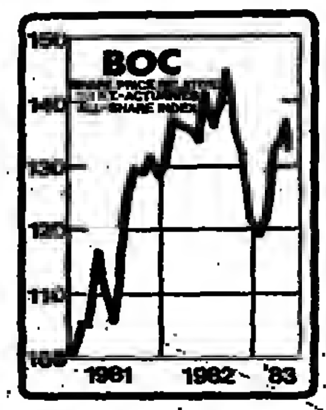
Liquidity has also been boosted by the accelerating flow of funds into unit trusts following tax concessions two years ago. Given this increase, and reasonably strong institutional cash flow, funds available for investment probably exceeded new issues by around SKr 1bn last year. This situation, however, could now be turning. Planned new issues in Sweden are calculated at about twice last year's level of SKr 3bn, or about SKr 3bn more than the domestic market can generate from local sources. That adds up to a big demand for foreign funds – or a number of disappointed offerers.

Linfood/Fitch

The Monopolies Commission report on Linfood's bid for Fitch Lovell reads a little like the outpourings of an over-enthusiastic merchant banker – retained by Linfood. Far from reducing the level of competition, the merger is found to enhance it. In this light it seems unfortunate – Linfood might feel more disposed to say tragic – that the time needed to prepare the report has allowed Fitch to put up the defences necessary to make a full-scale takeover bid a remote possibility.

Linfood's direct appeal to Fitch shareholders to stop the sale of Key Markets to Safeway succeeds in putting the pressure on the Fitch board. With a higher offer from Linfood on the table, the Fitch directors are placed in a dilemma between their contractual obligations to Safeway and their duty to their own shareholders. The cost to Linfood of creating this quandary is that it has had to give assurances that would look like bad faith if Fitch shareholders threw out the Safeway deal and it proceeded with a full bid. It has already said it has no interest in a Fitch ex-Key Markets, so it looks as if the Fitch board has succeeded in maintaining its independence – to the regret, possibly, of some of its shareholders.

The risk of a shareholder revolt over the Safeway deal looks a real possibility. Safeway may well decide to raise its offer, in which case a new EGM would be required, giving Linfood the opportunity to compete on equal terms in an effective auction for Key Markets. This prospect buoyed up Fitch's shares yesterday, after an initial tumble when it became obvious that a full bid could no longer be counted on, and the shares closed a modest 4p lower at 141p. With the problem areas of poultry and butchers' shops disposed of and prospectively a highly liquid balance sheet, the shares can probably hold their own at this level.



BOC Group

Hearsay evidence is still the only indication of economic recovery to have come the BOC Group's way. Lower inflation rates in most of its major markets have deprived the group of stock profits worth £10m in the first half of 1981-82, leaving pre-tax profits at the interim stage down by almost exactly that amount to £38.1m.

A principal feature of the flat performance at the operating level has been another appreciable downturn in BOC's metal welding businesses across the world. The health care division continues to do well in volume and margin terms and the U.S. graphite business has turned in a profitable second quarter after six month of losses. These gains, however, look unlikely to compensate fully for the welding losses over the full year – especially given a second quarter deterioration in both South Africa and Australia – and against a stable but unexciting background for industrial gases BOC is heading for full year pre-tax profits some way short of 1982's £102.6m.

Such doldrum conditions have given BOC's management a chance to show its mettle. A new management structure has been designed to dilute the present geographical organisation of the group in favour of more emphasis on product divisions. The tone of the balance sheet has been improved with three bond issues in the last six months raising £210m to refund short term borrowings: over £500m of BOC's present £721m total debt now carries long term maturities at fixed rates. Above all, the group is pushing through with its heavy capital investment programme. Another £90m borrowed in the second quarter has lifted net debt to 61 per cent of equity and a further small rise can be anticipated in the second half.

Behind the spending programme and the heavy gearing there is still a strong cash flow, with BOC's replacement cost depreciation rising from £60.5m to £76.1m. Adjusting prospective pre-tax profits of £100m on to a fully taxed historic cost basis, the shares remain on a multiple around 16 at 206p and offer a yield of 4.3 per cent.

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FINANCIAL TIMES
Friday May 13 1983

American Can lifts profits 59% after assets reshuffle

BY OUR NEW YORK STAFF

AMERICAN Can, the diversified U.S. packaging group which made e net loss of $133m in 1982, has reported a sharp turnround in its profits in the first quarter, with net income rising 59 per cent to $21.8m.

Mr William Woodside, American Can's chairman and chief executive, says the company has successfully redeployed a major portion of its assets into more profitable businesses and is beginning to see the early beoefits. Last July the group sold most of its U.S. paper making operations to James River for $423m in cash and stocks.

The 1983 first-quarter net income has been boosted by an after-tax gain of $6m associated with the issue of more common stock by James River. This boosted American Can's earnings per share by 32 cents to e total of 86 cents. This compares with 71 cents e year ago.

The company says first-quarter earnings of its financial services divisions exceeded those of the Dixie-Northern paper making operations which were sold to James River. The speciality retailing operations turned in a mixed performance and worldwide packaging income was unchanged on last year.

The company says that in its new shape it should substantially improve its results over the long term. The company is expecting an earnings rebound in its packaging and home entertainment businesses and is forecasting "significantly improved" operating earnings for 1983.

United Brands hit by restructuring charges

BY WILLIAM HALL IN NEW YORK

UNITED BRANDS, the world's largest importer of bananas, will make a special charge against its earnings of $100m and is forecasting a substantial net loss for the nine months ended March 31 because of a restructuring of its banaoa operations.

The restructuring of the operations, located in the group's United Fruit subsidiary, is to bring the company's supplies more into lioe with demand for its product in selected markets.

The company plans to reduce banana productioo in certain locations and long-term cootractual commitments to purchase bananas, and to realign transport and distributioo activities.

United Brands, which reported e oet loss of $37.3m on sales of $1.6bn in the first half, has blamed its fioancial difficulties on losses in its banane operations.

It said in February that these losses were caused by depressed selling prices of bananas in all major markets, which resulted from an industry oversupply of bananas in conjunctioo with e worldwide recession.

The strength of the dollar had also affected its earning. The compaoy expects to report a substantial loss in its third quarter to March 31.

Paymeot of regular quarterly dividends due oo June oo its $1.20 cumulative convertible preference stock will not be paid for the time being.

Scherings in U.S. battle of names

By Leslie Colitt in Berlin

THE LEGAL bid by Schering-Plough, the U.S. pharmaceutical group, to prohibit Schering AG of West Berlin from using its name in the U.S. is expected to be ruled on shortly by a court in New Jersey.

The roots of the case reach back to 1942 when the U.S. seized the American assets of Schering as enemy property. They were subsequently transferred to the Schering Corporation, legal successor to the German-owned subsidiary. The German Bayer Company similarly had its assets seized in the U.S. and an American Bayer, a leading producer of aspirin, was set up.

When Schering AG of West Germany cantiously re-entered the U.S. market after the Second World War, it was barred from using the parent company name on its products. Similarly, Schering AG subsidiaries established in recent years in the U.S. bear names such as Berlex Laboratories, Nor-AM Agricultural Products, Scherex Chemical and Nepera Chemical.

Representatives of the U.S. subsidiaries of Schering carried business cards with their American company name, and the fact that it is a subsidiary of Schering in Germany.

Schering-Plough regarded this as a violation of previous U.S. court rulings in the case. The U.S. group also objected to the labelling of Schering AG exports to the U.S. with the Berlin company's name. Schering AG says this is required under U.S. law.

Both Scherings are international companies and their names on pharmaceutical products sometimes confuse buyers in other countries. The Schering group based in West Berlin had sales last year of DM 3.5bn ($1.37bn) while Schering-Plough had sales of $1.82bn.

Kaiser Steel turns down Jacobs bid

By Our Financial Staff

KAISER STEEL, the ninth largest U.S. steelmaker, has rejected a takeover proposal worth at least $265m from a Wall Street investment group led by Mr Irwin Jacobs.

The California-based company said the offer was inadequate, and excessively exposed shareholders to Kaiser's future risks while excluding them from participation in future growth.

But Kaiser would continue to negotiate with the Jacobs group and other potential purchasers

The three-part cash and stock offer from the Jacobs group had been widely expected since it raised its stake in the steelmaker to 16.3 per cent in February.

Walter Heller suffers sharp earnings fall

By Paul Taylor in New York

WALTER E. HELLER, the Chicago-based commercial finance and bank holding company which earlier this year agreed to sell its two commercial finance subsidiaries to Fuji Bank for $425m cash, has aoounced sharply lower first quarter earnings.

The company reported oet earnings of $3.965m or 32 cents a share, compared with $9.78m or 81 cents a share.

The results follow e $7.4m loss in the fourth quarter, mainly because of e substantial increase in loan loss reserves et Walter E. Heller and Co, its domestic finance subsidiary.

Heller International's earnings have been substantially reduced over the past year by the need to increase loan loss reserves because of the deterioration in quality of some domestic commercial finance subsidiary's loans.

Mr Franklin Cole, Heller International's chairman, said first quarter earnings had again been hit by "an increase in the provisioo for losses on receivables, a high level of non-earning assets and lower finance spreads, primarily at the company's domestic finance subsidiary."

Under the agreement with Fuji, expected to be completed late this year, Heller International will sell the Tokyo-based bank its domestic finance subsidiary and Walter E. Heller Overseas.

This will leave the company with one major asset, American Netional Bank. The company is still considering the future of American National.

Duty revision boosts Ranger

By Our Financial Staff

RANGER OIL, the Canadian-based oil company, boosted first-quarter net profits from $4.3m, or 7 cents a share, to $11.4m, or 19 cents, due mainly to the elimination, announced last year, of UK Supplementary Petroleum Duty on revenues.

Ranger said reduced interest charges and a lower effective rate in British income and petroleum revenue taxes also buoyed earnings. Revenues slipped from $51.4m to $48.4m, due to lower world oil prices.

COURT BATTLE LOOMS OVER FLAGSHIP BANKS TAKEOVER

Entrepreneurs focus on Florida banks

BY WILLIAM HALL IN NEW YORK

FLAGSHIP Banks, Florida's fourth biggest banking group, has a problem. The problem is Sr Juan Perez, a 39-year-old Venezuelan who, with associates, owns 9.9 per cent of Flagship and has an option to buy another 11.7 per cent.

Sr Perez has an eye for a good investment, and for tha last year or so has been building up his stake in Flagship, despite the hank's efforts to stop him. Last week, the simmering dispute came to the boil.

Flagship announced an offering of 1m common stock. Senor Perez promptly announced that he would buy the entire 1m shares, for oot less than $30 each at a time when the stock was trading et $24.75. Flagship noted that Sr Perez had made no specific offer and said its board would think ebout it.

Their thoughts were disturbed a couple of days later when Sun Banks, Florida's third biggest banking group, popped in e bid worth $35 per share for Flagship. Flagship turned down the offer because it was "not in the best interests of all shareholders."

FLORIDA'S LEADING BANKING GROUPS	First quarter			Return on		
	Assets $bn	Net income $m	Growth %	Assets %	Equity %	Number of offices
Southeast Banking Corp.	8.2	13.8	82	0.72	12.64	161
Barnett Banks	8.0	17.9	113	0.95	17.98	236
Sun Banks	5.2	11.4	60	0.91	15.1	165
Flagship Banks	3.3	6.8	10	0.84	13.25	146
Florida National	3.2	6.9*	81	0.83	10.98	93

* Before extraordinary items

This was too much for Sr Perez and his company, Inversiones Credival. He instructed his lawyers to sue Flagship Banks, each of its directors and its investment bankers, Lehman Brothers, for a "gross breach of their fiduciary duty to all of the shareholders of Flagship by failing to accept the proposal made hy Sun Banks." The lawsuit will seek actual and punitive damages.

As Sr Perez's lawyer was quick to point out last week, Flagship management was eager to sell 1m shares for $24 s share yet this week it seemed a $35 per share offer was unacceptable. "They would give away 12 per cent of their stock but they woo't sell 100 per cent at an attractive price," he said.

Observers of the free-wheeling Florida banking market reckon Flagsbip has been manoeuvred into a corner and will eventually end up being taken over. The only question is the price.

Sr Perez is just the latest in a string of antrepreneurs who hsve come to haunt the fast-growing and profitable Florida banks.

Last year another Venezuelan, Sr C. A. Cavendes, built up a sizeable stake in Florida National Banks despite the latter's efforts to stop him. His manoeuvres were so successful thet he forced Florida National to scrap plans to merge with Alliance Corporation and then agreed to sell his shares to Southeast Banking Corporation, Florida's biggest banking group, which launched a full bid for Florido Nationel.

Floride National only esceped the clutches of its larger rival by agreeing to merge with Chemical Bank of New York when interstate banking permits. The Venezuelans are generally reckoned to have made close to $80m on this deal.

Even Southeast Banking Corporation, the market leader, has had its fair share of shareholder problems. Dr Lee Pearce, e Miami doctor, turned his ettention to Southeast earlier this year. Although he owns only 6.8 per cent of Southeast, Dr Pearce was able to force the bank to reduce the size of a planned increase in authorised share capital and also get the bank to reimburse him for the $135,000 costs of the proxy battle he waged against it. Dr Pearce's basic argument was that the increase in authorised share capital would discourage major out-of-state banks from making a bid for Southeast. He suggested it was a ploy by management to preserve its independence.

Dr Pearce, like several other wealthy investors in Florida's banks, is working on the assumption that they are up for grabs. Florida is one of the most, if not the most, attractive banking market in the U.S.

It is one of the fastest-growing states, it hes escaped most of the recession, and it is also a plum area for attracting deposits. In addition, its banking system is at present fragmented.

Many observers believe Florida will be one of the first states to embrace interstate banking when this is eventually permitted

Spain sets new $600m target for syndicated borrowing

BY DAVID WHITE AND NICHOLAS COLCHESTER

SPAIN's planned syndicated borrowing – its first major operation since the Socialists took power late last year – has been raised to $600m from the $500m originally foreseen.

The Finance Ministry announced yesterday that Chase Manhattan and Morgan Guaranty Trust, had been awarded the mandate for the floating rate issue.

The Government hopes to bring in a wide range of international banks, with Spanisb banks taking a small participation to start.

The loan is broken into a five-year and an eight-year tranche, each of $300m.

Interest is either on the basis of Libor (for the first tranche a spread of ½ a point for the first two years and five eighths thereafter, for the second five eighths spread throughout) or the U.S. prime rate, with a 0.2 per cent spread for the five-year tranche, and 0.25 per cent for the eight years with a cap of 125 points.

The ministry said the kingdom, which has alreedy raised $240m this year, was expected to borrow a further $300m in the last quarter in the Japanese yen, West German and Bulldog sterling markets.

This would bring total borrowing to about $1.1bo for the year, compared with $985m in 1982.

The ministry estimates total borrowing need this year at $4.5bo with the public sector, including Spain itself, accounting for $2.3bn.

However, the governor of the central bank, Sr Jose Ramon Alvarez Rendueles, put the total Spain might borrow abroad at $5bo to $5.5bn.

This should lead to e net increase in Spanish foreign debt, after allowing for maturing loans, of $1.5bo; just boosting the overall figure to $30.3bn by the end of the year.

This borrowing plan is based oo an expected curreot account deficit of between $2.5bn and $2.8bn compared with $4bo in 1982.

The relatively high figure last year, coupled with a small net inflow on capital accounts, meant thst Spain had to draw oo $3.1bn of currency reserves last year, reducing total reserves (including gold) to $11.53bn at year end.

This year the central bank governor bopes to limit the further reductioo of its currency reserves to $1bn.

The more optimistic prognosis for the curreot account in 1983 is backed by the IMF, which has forecast a deficit of only $2.24bn. In the first quarter of 1983, however, the deficit was $200m greater than in the same period last year.

The central bank's hopes are based oo lower oil import costs, lower interest costs and increased Spanish exports on the back of some international economic recovery.

Apart from Spain, INI, the state industrial holding company, is expected to be seeking about $1bn.

Italian bank is buoyant despite reduced profits

BY JAMES BUXTON IN ROME

THE HIGHLY profitable Italian bank, Banca Cattolica Del Veneto, has announced reduced profits for 1982. But the figures still suggest that the bank is one of the most lucrative in the country.

The bank, based at Vicenza in the Veneto region, made net profits of L50bo ($34m), and gross profits of L74bo of which L24bn was directed to the risk fund. In 1981, oet profits of L71bn were reported.

Total deposits at the end of 1982 were L4,250bo, an increase of 10 per cent compared with 1981. Shareholders in the bank, which does not have a full quotation on the stock exchange, ore to receive an unchanged dividend of L360 per share.

The bank is 45 per ceot owned by La Centrale, the financial holding company controlled by Nuovo Banco Ambrosiano.

The other bank controlled by La Ceotrale, Credito Varesino, is also expected to produce satisfactory results, with deposits up 13 to 14 per cent to L2,500bn.

Benetton lifts sales by 29%

BY OUR ROME CORRESPONDENT

BENETTON, the Italian jeans and casual clothes producer, which has risen in only a few years to become one of Italy's largest clothing manufacturers, last year increased sales by 29 per cent and made e net profit of L27bn ($18.6m).

Sales totalled L414bn, of which some 45 per cent was achieved outside Italy. The growth rate compares favourably with the Italian inflatioo rete last year of 16 per ceot. The proportion of export sales io 1981 was 36 per cent of L321bn.

The company, based at Treviso, north of Venice, had sales of only L66bo in 1978, of which only 2 per cent was abroad.

Car robots at Hofu pave way for Toyo Kogyo to boost output

BY CHARLES SMITH, FAR EAST EDITOR IN TOKYO

JAPAN'S CAR exports fell last year for the first time since the industry's overseas sales drive really began to take off in the mid-1970s. Yet a newly completed car assembly plant that is overwhelmingly geared to exports has been doing a roaring business since it began operations last October.

The factory in question is Toyo Kogyo's Y35bn assembly plant at Hofu, a medium-sized port city near the extreme south western tip of the island of Honshu where industry has been rather thin on the ground until recently. The Hofu plant was designed to produce 20,000 units per month of a new passenger car, destined mainly for overseas markets, called the Mazda Capella (or the Mazda 626 in the U.S.). During the past four months of operations at Hofu, output of completely built-up Capellas has, in the event, been between 22,000 and 23,000 units per month.

One of the reasons why workers at Hofu have been run off their feet while those at other big Japanese car plants have been able to take it fairly easily recently is that Toyo Kogyo's other car production facilities at Hiroshima were desperately in need of a rest at the time the new factory came on stream. Toyo Kogyo is the third largest Japanese car maker, following Toyota and Nissan, but has for many years been the only one of tha industry's nine car makers producing all its output from a single location.

In order to give itself room to breath the company acquired land as long ago as 1972 for the construction of a new motor plant and persuaded the prefectural government of Yamaguchi (where Hofu lies) to build roads and ports that were needed to make the site usable. What happened after that was the near collapse of Toyo Kogyo itself under the impact of the first (1973) oil crisis.

Toyo Kogyo spent the mid-1970s reconstructing itself and up-dating its model line so as to cope with the high petrol prices that had virtually eliminated demand for tha "gas guzzling" rotary engined cars it was marketing in tha early 1970s. By the end of the decade the company had made a remarkabla return to health and was ready to carry out the ambitious relocation plant that had been planned some eight years earlier.

Toyo Kogyo, the maker of Mazda cars, has broadened its production facilities by adding to its works at Hiroshima a highly automated new plant at Hofu, a port city in a largely unindustrialised region at the south west tip of Honshu. The plant has been built at a cost of Y35bn, or $150m, and is overwhelmingly geared to exports

Because the Hofu plant was designed at least partly to take the strain off the overworked Hiroshima facilities, Toyo Kokyo's car output in 1983 is not expected to rise—on an overall basis—by a margin corresponding to the number of cars being turned out at the new factory. Output for the year is forecast at 1.3m units, up only 100,000 on the 1982 level. The modest rise in output that the Hofu plant will make possible this year contrasts, however, with what may turn out to be a far from modest jump in productivity.

Hofu was designed to double the yield per man-hour of the company's older facilities at Hiroshima and appears to be well on the way to achieving this target, even though engineers in charge at the plant admit that a few teething troubles still have to be overcome. The key to productivity is a workforce of 155 robots—about two-thirds of the number used at Hiroshima where production capacity is roughly four times that of the Hofu assembly line.

Robots have taken over most of the welding jobs at the new plant's body assembly shop, leaving only the smaller and more intricate tasks to the 120 workers still assigned to this section of the plant. In the stamping shop, ten direct production workers and about 30 computer operators and maintenance men preside over an operation which is probably as highly automated as anything in the Japanese motor industry.

In the vehicle assembly shop from which the finished cars emerge, human workers still appear to be more efficient—or at least more economical—than the best available robots, but Toyo Kogyo has automated some jobs for "humane" rather than cost-cutting reasons. An example is the solitary robot, designed by the Japanese manufacturer Nachi Fujikoshi, the job of which is to put a spare wheel (weighing 20 kilos) into tha boot of each car

Hofu is a one-model assembly plant at the moment, for the very simple reason that overseas demand for the Capella (which made its debut at tha same time as Hofu itself) is far outrunning the company'a ability to supply finished cars. Just making the Capella, however, would certainly not have been enough to justify the new plants existence in the long run. Hofu was accordingly designed to be able to produce three completely different car models, in a total of nine different versions, on a single production line running continuously from body assembly to the final stage of vehicle assembly.

Toyo Kogyo admits that other Japanese car makers are operating vehicle assembly lines than handle a number of different models in tha final stages. Hofu, however, is claimed to be the first plant in Japan that can ring tha changes between three different models at the crucial body assembly stage where the sides of the car body are welded *to* the underside.

The Hofu plant represents an exercise in logistics as well as in automation from Toyo Kogyo's viewpoint, since Hofu is 130 kilometres to the south west of Hiroshima where all the company's output of finished cars, and most of its suppliers, were concentrated until the end of 1982. Toyo Kogyo persuaded nine independent component makers employing a total of around 1,000 people to invest Y12bn ($50m) in moving to Hofu.

Other components, including engines, are still trucked over the intricate and frequently congested public highway system from Hiroshima but so far the trucks seem to be getting through all right. Stocks of engines at the Hofu plant are limited to two hours' supply which means that the entire plant would grind to a halt if the drive from Hiroshima took more than six hours, instead of the maximum four allocated.

Toyo Kogyo's Hofu labour force includes about 450 people (out of a total of 1,800) who were on the spot at the time the new plant opened—either because they had been working at other smaller plants in tha area or because they had been recruited during the two-year construction period. Of the remaining 1,300 odd, well over half "volunteered" to make the move from Hiroshima, while a minority of about 500 workers had to be "directed."

Toyo Kogyo says that no worker actually refused instructions to move, although a few pleaded exemption for family reasons. One reason may have been the fact that some fairly handsome incentives—including about Y3.6m of interest subsidies on loans needed to buy new homes in the Hofu area—were offered.

The Hofu plant may not be the last word in highly automated car assembly, if only because the company admits that it has yet to work out ways of replacing men with robots on the final and intricate vehicle assembly line, but it is probably at least one jump ahead of many of Japan's larger and more centrally located car factories. One of the ironies of the project is that Toyo Kogyo would almost certainly not have been able to boast possession of the industry's most advanced production facilities if it had been able to build a new factory when it first planned to do so—instead of after an agonising eight-year time lag.

INTL. COMPANIES & FINANCE

Trafalgar Housing to sell assets

BY ROBERT COTTRELL IN HONG KONG

HONG KONG'S Trafalgar Housing group plans assets sales to cut debts, while continuing to nagotiate with its bankers for a moratorium on asset and principal repayments as a prelude to rescheduling.

Trafalgar's financial straits arise, ironically, from expensive diversification away from Hong Kong'a overheated property market, whose collapse has claimed other corporate victims.

According to a confidential document sent to Trafalgar's creditor bankers lata last month, group borrowings at Fabruary 28 this year totalled HK$730.1m (US$105.8m). Of that, HK$567.1m was owed to banks nn a secured basis, HK$125.9m on an unsecured basis and HK$37.1m to other unsecured creditors.

Trafalgar says tha newly-announced assets disposals should cut debts to between HK$200m and HK$250m.

Trafalgar's unquoted holding company, the Wu family'a Central Enterprises, is in even worse shape, with debts at end-February of HK$623.5m and a nagative net asset value of minus HK$254.4m. Central'a main asset is 76 per eent of Trafalgar, so its financial bealth—and creditors' hopes—depend on reconstructing Trafalgar (which bas no connection with Trafalgar House of tha UK).

The Fabruary balance-sheet showed Trafalgar's net asset value at HK$447.1m, assuming a valuation of HK$585m for the group's as-yet unbuilt Taipa bousing project in neighbouring Macau. The Hong Kong deposit-taking office of Samuel Montagu, the merchant bank, which is advising Trafalgar, has told bank creditors in a privata mamorandum that "the future prosperity of Trafalgar depends almost entirely on the success of its Taipa sales programme."

Trafalgar says it bas "taken steps to dispose of all tha investmants in the U.S." where it has oil and mining interests. Estimates presented to bankers of tha group's gross U.S. assets had suggested a value of between U.S. $15m and U.S.$20m, but falling in the event of a forced bankruptcy sale to perbaps between U.S.$5m and U.S.$7m.

Trafalgar says its fish farming business in Guam has been closed, while future operations of its Tianjian prawn farm will be supported by tha Chinese authorities. A Hong Kong residential site at Bowen Road will now be offered for sale, and an interest in a Shouson Hill developmant in Hong Kong has been sold tn joint venture partners.

The principal assets of tha slimmed-down Trafalgar would ba the Taipa project, where it has a 90 per cent interest, and a proposed new town on Hong Kong's northern border, callad Tinsbuiwai, where it has a 25 per cent interest in the joint-venture led by Peking's China Resources.

Whila constructinn of tha new town appears several years away, the developmant consortium will be undertaking prior site formation work on a "cost-plus" basis under contract to tha Hong Kong Govarnment.

An appraisal of the Taipa project sent privately to Trafalgar's bankars says: "Tha success of the sales concept ... bingea on the attractiveness of Portuguesa residency permits."

Trafalgar devised a scheme whereby purchasers would buy, together with their flat, a U.S.$30,000 prefereoce share in a Portuguese-based investment company. As Portugal administers macau, investors could, on the basis nf a residence in Macan and an income-bearing investmant in Portugal, apply fnr residency in Portugal itself.

The scheme could attract Hong Kong Chinesa worried about the territory's possibla reversion to China by 1997, wben most of Britain's lease over Hong Kong explres. Tha Macau authorities warn, howevar, that the Taipa packages fall far short of any implied guarantee of eventual acquisition of a Portuguese passport. Pre-sales of Taipa could begin if bankers agree a debt moratorium for Trafalgar.

Price-cutting hits Yasukawa Electric profits

BY YOKO SHIBATA IN TOKYO

YASUKAWA ELECTRIC, the laading Japanese beavy alectrical and robot manufacturer which has sales and technical tie-ups with 15 ovarseas robotics companies including Tborn-EMI, suffared a sharp fall in profits in the fiscal year ended March 31. Earnings were seriously eroded by stiff price-cutting among Japanese robot makers.

Yasukawa Electric's unconsolidated full-year operating profits dropped by 36.7 per cent to Y4bn ($17.6m). Net profits were Y2.36bn, down 16.6 per cent, on sales of Y94.8bn, up 2 per cent from tha previous year.

Per shara profits were Y11.6, compared with Y15.74 in the previous year.

Yasukawa maintained a top share of the market for welding robots in Japan, and also expanded sales and technical tie-ups of its welding robots such as Motorman L with overseas manufacturers.

However, sales of heavy electric appliances were sluggish, up only by 1.1 per cent to account for 38.6 per cent of total turnover and sales of multipurpose electric equipments, representing 15.6 per cent of total turnover, fell by 9.1 per cent.

In the current fiscal year, tha company cannot count on much improvement in its sales of electrical equipment. However, sales of electronics and energy-saving equipment, mainly robots are expected to grow smoothly. As a result, full year sales are projected at Y96.5bn, 1.8 per cent above the previous year'a leval. But tha company expects operating profit to fall by 14.2 per cent to Y3.5bn and net profits to decline by 30.6 per cent to Y1.64bn as e result of price-cutting.

Makino Milling blames competition for setback

BY OUR TOKYO STAFF

MAKINO MILLING Machine, the Japanese machine tool builder, saw operating profits fall by 6.4 per cent to Y5.91bn ($25.5m) in the year ended March 31. The setback, the first in seven years, was blamed on intensified competition for the company's machining centres and a sharp fall in exports.

Unconsolidated full-year net profits were down by 5.3 per cent to Y3.03bn, on sales 7.5 per cent ahead at Y38.24bn. Per share profits dropped to Y43.96 from Y50.04.

In the current year, exports remained sluggish. Full-year sales are expected to stay at the previous year's level at Y38.2bn. Operating profits are forecast tn be Y5.9bn, almost unchanged from the previous year, and net profits are expected to be broadly unchanged at Y3bn.

Air Afrique out of the red

BY PETER BLACKBURN IN ABIDJAN

AIR AFRIQUE, the Abidjan-based African multinational airline, made a "small" net profit in 1982.

Mr Aoussou Koffi, Air Afrique's president and director-general, said the company made a net profit of about $170,000 on a turnover of $285m. This compares with a loss of $5.5m on a turnover of $288m in 1981.

Full details of 1982 financial results are not expected to be released before Air Afrique's annual general meeting, which is due to be held in Abidjan next month.

Mr Koffi from the Ivory Coast, will be standing for re-election to a third term of office.

He complained recently that Air Afrique's poor profits were primarily the result of the withholding of payments dua to the airline totalling $34m by the company's 10 shareholder Governments. These inclnde several of the world's poorest countries.

UK COMPANY NEWS

BOC £10.5m lower for first half

LOWER rates of inflation in the UK and U.S. in the six months to March 31 1983 had the effect of reducing stock holding gains of BOC Group by £9.6m to £0.4m and resulted in a fall in pre-tax profits from £46.6m to £36.1m.

Undiluted earnings per 25p share are shown to have declined from 8.99p to 5.48p, while fully diluted they are down from 8.25p to 5.27p. The net interim dividend, however, is being raised by 5 per cent from 2.6p to 2.73p. Last year's total payment was 5.74p from profits of £102.6m.

Commenting on prospects, Mr Richard Giordano, chief executive, says he expects to see improved earnings in the second half of the year, but the size of this improvement will depend on the speed and robustness of recovery, principally in the U.S.

Although the recession continued unabated during the first half, leading indicators in the U.S., and some modest improvement in certain consumer industries in that economy, suggest that a recovery is underway, he states.

There are also widespread indications of increased optimism for prospects in the UK, he adds, although economic activity in South Africa has continued to decline over the past six months and the Australian economy has continued to fall deeper into recession, with industrial production dropping sharply and no sign of recovery in sight.

The group's first-half sales pushed ahead from £763m to £826m, but after taking exchange rates into account, they showed little change on the corresponding period. CCA trading profits were down from £65.4m to £63.6m. However, on a modified historical cost basis the decline was more marked, with the outcome at £66.3m against £77m.

This was after operating costs of £691.1m (£640m) and depreciation of £76.1m (£60.5m) but included a £6.7m (£4.5m) share of associates and the realised stock holding gains.

A £4.2m increase in interest charges has been capitalised, leaving the total charge for the half year little changed at £30.2m (£30.4m).

Tax absorbed £7.5m (£11.9m) for net profits of £28.6m (£34.7m) and, with minorities taking £7.4m (£4.9m), the available balance turned in at £21.2m (£29.6m).

A divisional analysis of operating profits of £65.9m (£67m) shows: industrial gases and cryogenic plant £53.6m (£48m); health care £23.5m (£13.4m); carbon and carbide £3.4m loss (£5.5m profit); welding £8.1m (£0.1m) loss; other businesses £3.1m (£2.8m) profit; corporate £2.7m (£3.4m) loss; discontinued businesses £0.1m loss (£0.8m profit).

By region the profit breakdown was as to: Europe £25.5m (£22.2m); Africa £8.4m (£11.2m); Americas £14.9m (£15.9m); Asia £1.6m (£1.3m); Pacific £15.5m (£16.4m).

Mr Giordano reports that the poor economic climate put severe pressure on profit margins in most of the group's industrial businesses. However, some of these pressures were relieved through aggressive cost reductions, which will continue.

The industrial gases activities throughout the world continue to perform in a stable manner, he says, with sales and profits in the first half showing little change. Against this, the welding side suffered a further fall, in line with declining activity in metalworking industries, and continued to operate at a loss.

The graphite business, which traded at a loss in the first quarter of the year, returned to profit in the second. This improvement was due to further penetration of international markets, in line with long-term strategy, and a very modest improvement in U.S. steel industry operating rates.

Sales and profits of the health care business, broadly untouched by the recession, were substantially higher in the first six months.

The group has invested heavily in the past few years for the longer term future of its gases, graphite and health care businesses, states Mr Giordano. Capital expenditure in 1982 totalled £222m, and this year investments in new facilities for gases and graphite, and acquisitions in gases and health care will exceed £400m.

Three businesses were acquired at the beginning of the current year, Glasrock Medical Services, the industrial gases businesses in Latin America of Allegheney International, and a 43 per cent stake in Osaka Sanso KK of Japan. These are being integrated smoothly into group operations, says Mr Giordano, and he expresses confidence that they will prove to be sound investments.

The group balance sheet at March 31 shows shareholders' funds at £1.07bn (£883m). Fixed assets totalled £1.53bn (£1.28bn), working capital (excluding bank balances and short-term loans) £368.3m (£300.3m), non-current liabilities and provisions £84.9m (£74m) and net borrowings and finance leases £721.9m (£589.3m).

See Lex

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims: Amber Day, Fairline Boats, M. J. Gleeson, Reliant Motor, Wolverhampton and Dudley Breweries.

Finals: Anglo-Indonesian Corporation, James Beattie, Percy Bilton, Herman Smith, Hunung Gibson, King and Shaxson, Richardsons Westgarth, Scottish Heritable Trust.

FUTURE DATES

Interims—	
Allied London Properties	May 17
Archimedes Investment Trust	May 24
Kalsey Industries	May 25
Majedie Investments	May 17
United Scientific	May 16
Finals—	
Debenhams	May 20
Ex-Lands	May 16
Gold and Base Metal Mines	May 19
International Paint	May 20
Toshiba	May 23
Usher-Walker	May 18

Depressed UK side cuts Holt Lloyd £1m

PRE-TAX profits of car care products group Holt Lloyd International for the year to February 26 1983 fell by £1.1m to £2.06m compared with the previous year with the fall blamed almost entirely on a very disappointing performance by the UK division.

The dividend, however, is maintained at 3.17p net per 10p share with a same-again final of 1.67p — earnings per share dropped by 4.5p to 1.1p.

Mr Tom Heywood, the chairman, points out that severe action in terms of factory closures and staff reductions was taken on the UK side but that since the closure of the Addington factory the fall in sales has been stemmed and a return to more acceptable profit levels has already been achieved.

Group sales for 1982/83 advanced from £50.85m to £52.87m with the UK car care share falling from £21.59m to £18.67m. Overseas and export contributed £30.92m (£25.93m) with the balance, £3.29m (£3.33m), coming from the food division. Eighty-eight per cent of trading profits, £2.81m (£3.73m), came from overseas markets.

Pre-tax results were after interest charges of £810,000 (£706,000).

Charges of £1.45m (£905,000) for tax, £480,000 (£7,000 credit) for extraordinary items and £211,000 (£141,000) for minorities left the group with an attributable deficit of £83,000, compared with a £2.03m surplus.

Group short-term borrowings increased by some £5m and resulted in higher interest charges.

● comment

The market had already prepared itself for the poor result presaged in Holt Lloyd's interims. Relieved by the maintained—albeit uncovered—dividend, it marked the shares up 6p to 53p, where they yield 8.8 per cent. The optimism is also based on Holt's uncompromising moves to improve profitability. The amalgamation of its UK operations under one roof, with a reduction in staff by one third, has taken a hefty chunk out of overheads. Margins are creeping back to more normal levels and the Winsford plant is producing record volumes. But trading conditions at home are likely to remain tough. Holt's markets have been hard hit by unemployment because it sells principally to lower income groups. It sees little reason for optimism on that front and refuses to risk its neck in a price-cutting war. Overseas, however, should continue to advance, helped by the absence of last year's distribution problems in Canada. Assuming that Holt's slimmer shape leads to a strong UK profits recovery, £3.5m pre-tax looks possible in 1983, which would restore cover to a maintained dividend. The shares stand on a prospective p/e of 13.5.

Vaux ahead at midway but cautions on second half

FOR THE 24 weeks to March 19 1983, Vaux Breweries improved pre-tax profits from £3.52m to £4.19m on turnover up from £42.2m to £48.35m, and is lifting its interim dividend from 2.75p to 3.025p net.

Last year's total payment was 8.25p on profits of £10.49m.

On prospects, the directors say draught beer sales remain slack, and the effects of the Channel Four television dispute mean the group can only look forward to a small profit from its share of Tyne Tees in the second half, compared with last year's £266,000. This will affect the level of group profits in the remainder of the 12 months.

Of the period under review, they say profits have been helped by increased sales of packaged beer, now that the company's new can line is fully on stream. They include 24 weeks trading at London International Hotel (last year two weeks) and 20 weeks profits of Sheffield Refreshment Houses.

Also taken into account is £293,000 representing five months trading of Tyne Tees, compared with £67,000 for two months last year.

Trading profits of the group advanced from £3.68m to £4.36m, before finance charges of £510,000 (£257,000) and the inclusion of a £340,000 (£100,000) share of associates.

Tax took £1.74m (£1.29m), leaving net profits at £2.44m (£2.23m), and dividends cost £1.02m (£892,000).

● comment

The £2m investment Vaux Breweries made in a new canning hall, now one of the most modern in Europe, is beginning to pay off. Vaux has secured a number of major supermarket outlets and although margins are tough in the canned market, its efficient production is allowing the development of a successful business to compensate for the continuing flatness of the draught beer market in the North East. Its move into the hotel business with Swallow Hotels, the London International and most recently the Sheffield Refreshment Houses was viewed warily by the market, but given the low demand in its traditional business, the strategy is proving to be a sound one. Occupancy rates are quite comfortably ahead of the same period last year—there are more tourists around and the businessman is back on the road. Tyne Tees where Vaux has a 20 per cent holding is suffering from the heavy costs of Channel 4. It still views the investment as very healthy, but this year admits profits from Tyne Tees in the second half will be well down on last year. Group profits, before property disposals, are expected to be around £11m at full time. The share price fell 5p to 238p giving a prospective yield of 5.5 per cent.

F. Parker soars 140% and further improvement seen

Francis Parker, the building products and services group based at Chichester, returned profits of £784,000 pre-tax for 1982, an improvement of 140 per cent over 1981's £326,000.

The current year has started well, aided by the mild winter and an upturn in housing starts, and Mr R. K. Francis, chairman, says profits for the first quarter are "well above" those of the same period last year.

He adds that if demand is maintained he expects to see a further significant rise in profits for 1983, thereby increasing again the group's capacity to pay dividends.

For 1982 shareholders receive 1.05p net per 10p share, compared with 0.7p previously; the final being doubled to 0.7p.

Turnover expanded by 18 per cent from £18.77m to £22.24m and trading profits rose by £437,000 to £1.71m.

● comment

Francis Parker is a very capital intensive business which makes building materials, concrete blocks and provides energy conservation services. A small upturn in orders feeds quickly through to the bottom line and after three years of disappointing profits, it has produced a 140 per cent increase. It benefits from being based in Chichester in the south where the demand for housing has been strongest. It still has a long way to go to regain the position it held in the late 1970s when profits comfortably exceeded £1m both in volume of orders and in better margins. The sale of its land holding company R. K. Francis Southern Land has brought borrowings down to a more acceptable level of £3m excluding £2m of convertible loan stock. That is about 40 per cent of shareholders funds, a level the company hopes to bring down further in 1983. Its associate company Southern Ports Services, owned 50/50 with Powell Duffryn is very highly geared and this year produced a £39,000 loss but the company expects a contribution of around £½m when business returns to a more normal level. The chairman's cheerful statement on a significant rise in profits was enough to add 3p to the share price to 33p a nine year high, giving a historic yield of 4.6 per cent.

Hongkong Rubber may liquidate

Along with results for 1982, showing pre-tax profits lower at £562,022, compared with £612,247, the directors of Hongkong (Selangor) Rubber say they consider shareholders' interests would be best served by putting the company into liquidation.

The necessary resolution will be put to an EGM following the annual meeting and if approved, it would be the intention of the proposed liquidators to make an early "substantial" cash distribution to shareholders.

Below the line there were extraordinary credits of £3.76m arising from the disposal of the company's rubber and oil palm estate, referred to in May 1981 and again in November last year, which lifted attributable profits to £4.04m (£281,840).

In view of the liquidation a second interim dividend, in lieu of the final, of 8p makes a total of 16p net per 10p share, compared with 25p for 1981.

This is the maximum dividend that can be paid without attracting further tax and without diminishing the funds available for distribution in the proposed liquidation, the directors state.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Bank of Ireland 2nd int.	14‖**	July 8	14**	22**	22**
Bestwood	6.5	July 8	5.5	6.5	5.5
BOC int.	2.73	Oct. 4	2.6	—	5.74
City of Oxford Tst.	4.11¶	June 25	3.75	5.85	5.5
Hartons Group	0.18‡	July 1	nil	0.18	nil
Holt Lloyd	1.67	July 29	1.67	3.17	3.17
Holyrood Rubber	20	—	30	30	45
Hongkong Selangor	8	June 10	17	16	25
JSD Computer	1.5‡	June 13	0.6	2.1	0.6
Kuala Selangor	9	June 24	9	13.5	13.5
Lloyds & Scottish int.	1	July 8	1.87	—	3.87
Minty	2	July 15	5	4	7.5
Porter Chadburn	0.35	July 4	0.35	0.35	0.35
Seccombe Marshall	13	July 1	10.5*	19	17.5*§
TR Technology	2.3	—	2.3	3.3	3.3
Francis Parker	0.7	—	0.35	1.05	0.7
Vaux Breweries int.	3.03	July 1	2.75	—	8.25
Warner Estates int.	4	July 4	3.5	—	9

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Includes special payment equivalent to 1.75p. ¶ Corrected. ‖ Irish pence throughout. ** Includes additional 10.5p (same).

Hawtin losses sharply down to £72,000

WITH A rationalisation programme now completed and a substantial reduction in borrowings Hawtin has been able to produce lower losses before tax of £72,000 against £125,000 for the year to January 31 1983. Turnover of this maker of protective clothing was lower at £8.94m against £9.44m, including £1.92m turnover on discontinued activities.

Rationalisation has eliminated non-profitable activities and has helped increase profits at the trading level to £137,000 (£67,000). However, the pre-tax result included £133,000 losses on discontinued activities and £55,000 compensation for loss of office.

They say they cannot recommend an ordinary dividend—the last dividend was a single payment of 0.25p net for 1981. Losses per 5p share came to 0.22p (0.39p).

There was a tax credit of £18,000 (£14,000) and reduced extraordinary debits of £157,000 (£399,000) which left an attributable deficit of £211,000 (£510,000).

On a current cost basis pre-tax losses improved to £207,000 (£245,000) and losses per share came to 0.62p (0.74p).

Bank of Ireland dips to I£49m

REDUCED pre-tax profits are reported by the Bank of Ireland for the year to March 31 1983, and historical figures show a reduction from I£62.6m to I£48.9m. On a current cost basis, the pre-tax figure is shown as £15.2m compared with £22.8m.

The directors say that, contrary to expectations at the half-year, a continued high level of loan loss provisions was required. The full year charge for provisions was £45.8m against £26m.

The bank levy has been imposed again, despite the views of the Central Bank of Ireland and the Commission on Taxation. This charge reduces available profits for appropriation by £11.3m (£8.6m).

The directors are recommending that £21.8m should be applied in a scrip issue of £1 of capital stock for every £2 of capital stock. They are also recommending a capital stock issue for staff up to a market value of £1.8m. The accounts include a provision for this issue.

There will again be a second interim of 3.5p plus a same-again additional 10.5p out of undistributed profits in respect of the year ending March 31 1978. This makes the total 22p (same) for the year ending March 31 1983.

Trading profits for the year were down from £68.9m to £59.5m on an historical basis, and after interest charges of £10.6m (£6.3m), tax of £19.9m (£26.3m) and minorities of £100,000 (same), attributable profits came out at £28.9m compared with £36.2m. On a CCA basis, the attributable figure was £3.6m against £3m.

Stated earnings per £1 stock unit fell from 82.9p to 66.2p but on a CCA basis improved from 6.9p to 8.2p.

● comment

The Bank of Ireland's insistence on relying on inflation-adjusted accounting shows up its 1982-83 results in a dim light—and perhaps there are some worrying lessons to be drawn here by the analysts of British banks which refuse to publish CCA figures. As in 1981-82, the maintained dividend is once again paid out mainly from inflation-adjusted capital rather than from profits. The use of CCA in times of high inflation may help to reduce the political pressure on the bank which plays a dominant role in the Irish economy. Although taxation is low, thanks to capital allowances and leasing, a government levy has once again been imposed. Profits were squeezed by a wage settlement at the start of the year which pushed up wage costs by 21 per cent, well in excess of the inflation rate, despite a reduction in the number of employees by about 300 to 8,000. The main squeeze came from the bad debt provision, almost double that for 1981-82. Fortunately the bank has no borrowers in Latin America, and few anywhere outside Ireland. About 25 per cent of the provisions are accounted for by loans of less than IR£10,000 and 50 per cent by loans of less than IR£50,000. This year the bank is expanding slowly in the UK, where it currently has 23 of its 500 branches—and where its margins can be more flexible.

G. R. (Holdings)

Pre-tax profits at G.R. (Holdings), manufacturer, tanner and retailer of sheepskins and furs, fell from £1.12m to £853,030 in the six months to December 31 1982. Group turnover was also down from £11.21m to £10.5m.

The net interim dividend is unchanged at 1.6p—last year a final of 5.4p was paid from pre-tax profits of £1.88m.

Tax was down from a re-stated £415,000 to £325,000, leaving attributable profits of £528,174 compared with £699,027. Stated earnings per 25p share were 10.8p (14.9p re-stated).

Three new issues are oversubscribed

By Dominic Lawson

NEW ISSUE oversubscriptions both great and small featured in the City yesterday. The highest multiple was that for U.S. dishwasher maker Chemical Methods Associates.

Although no formal announcement has been made, and the basis of allotments has not yet been concluded, the issuing house, Aitken Hume, said that the £4.3m offer had been oversubscribed "about 15 times."

At 115p per share, that indicates that about £65m of would-be investors' money has chased after the USM stock.

Mr David Smith of Aitken Hume said, "there was a moderate amount of stagging, but we vehemently deny that we could have got a better price for the company."

By contrast Warburg's offer for sale of 1m shares at 587p each in another U.S. company, International Income Property Inc, was only 50 per cent oversubscribed.

Mr Anthony Durrant of Warburg's said: "We are most satisfied." But he conceded "IIP is not the sort of company to attract the investor looking for a quick profit. Investors want it for its yield."

The applications for IIP, in which dealings will begin on May 16, were made on the following basis: Applications for up to 2,200 shares: in full. Those for 2,201-15,000 shares: 75 per cent of amount applied for. Those for 15,001-35,000 shares: 65 per cent of the amount applied for. Those over 35,000 shares: 50 per cent of the amount applied for.

Microcomputer software company Micro Focus last week offered 2,367,800 shares by tender, with 155p as the minimum application price. At that price the offer was about five times oversubscribed, but the striking price set by the issuing house Singer & Friedlander was 240p. At that price the offer was still oversubscribed three-fold, and Singer & Friedlander managing director Sir Timothy Harford said: "That must be one of the biggest ever premiums over a minimum tender price." He added, however: "We could have covered the issue at a much higher price."

Dealings are due to begin on the USM on May 18. At the striking price Micro Focus, which only came into pre-tax profitability last year is capitalised at almost £25m and the chairman, Mr Brian Reynolds, will have a shareholding worth about £7m.

Applicants for 200 shares will be allotted 100, 400: 160, 600: 240, 800: 280, 1,000 and above: 32 per cent of the amount applied for.

BIDS AND DEALS

Transparent Paper in preliminary talks with possible bidder

BY DAVID DODWELL

Transparent Paper, the Bury-based cellulose company which has recently emerged from two years of major retrenchment, is holding preliminary discussions with a possible bidder.

The company's financial advisers, Robert Fleming, said a further announcement would be made as soon as possible. They advised shareholders not to sell their shares. Transparent Paper's shares rose 18p following the announcement, to close et 53p.

The company would not reveal who made the epproach, or the price a bid would be pitched at. However, on the basis of last year's balance sheet, the company has a net asset value of almost £6.3m.

Mr Martin Fairbarns, the company's managing director, posted a circular assuring staff at the Bury factory that "in considering any offer which may be made, the board intends to ensure the continuance of Transparent Paper's business at Bury."

Over the past two years, Transparent Paper bas faced severe difficulties as the world market for cellulose products bas contracted. In the year to March 31 1982, it reported a pre-tax loss of almost £2.2m.

Its survival plan has meant the closure of its cellulose manufacturing plant and a contraction of the workforce from 1,340 in 1981 to just 640 today. This ratinnalisation has cost a total of about £7m.

The company now only converts cellulose and plastic film, and at the half-year stage reported that it was trading at a "modest profit." It promised shareholders that if the recovery trend continued, then a final dividend may be paid. Full-year figures are expected at the end of May.

Borrowings remain high—they were £3.75m a year ago—but a programme of selling assets, including 36 houses and a sports ground, is expected to reduce this burden.

NO SUPPORT FROM SAXON

Replying to the statement by Clyde Petroleum on May 6, whereby the company said it was awaiting support from the board of Saxon Oil for a proposed revised offer, Saxon says it sees no reason to change its views that it is not prepared to recommend acceptance of an offer on such terms if formalised by Clyde.

Clyde proposed new terms, if recommended by Saxon, on the basis of five Clyde ordinary and six deferred for every four Saxon.

Saxon did not consider that this adequately reflected the potential valne to Saxon of its interest in Block 16/8b, and other assets and prospects.

It is expected that at announcement of the results of the drilling on Block 16/8b will be made in the next few weeks. The Saxon board intend to write to shareholders after Clyde's original offer has lapsed.

PACKAGING INDS.

Packaging Industries has purchased 29,936 of its own shares (29.9 per cent) from Montague L. Meyer for £287,552 in cash. Meyer no longer owns any shares in Packaging Industries.

Ruberoid plans to make £6m share bid for Camrex

BY CHARLES BATCHELOR

Ruberoid, the bituminous roofing and cladding group, plans to make a £6m share bid for Camrex (Holdings), the Sunderland-based marine and industrial coatings manufacturer.

If the offer is successful Ruberoid will also control the 27.35 per cent stake in Dufay Bitumastic, another coatings manufacturer, based in Shildon, Co Durham, currently beld by Camrex.

Camrex urged its shareholders to take no action and has begun consultations with its financial advisers, merchant bankers Kleinwort, Benson. Mr Michael Ashcroft's Hawley Group, which holds 28 per cent of Camrex, has said it will accept provided no higher offer emerges.

Mr Ian Bolton, finance director of Camrex, said: "The bid came as a surprise. We were not looking for anyone to take us over."

Mr Stanley Clarke, the chairman, and several other Camrex directors were out of the country yesterday wben the bid was announced.

Ruberoid said there was much in common between the two companies particularly with regard to the geographical spread of their interests, to laboratory and technical disciplines and to contracting and management skills.

Ruberoid, which is based in London, makes bitumen and pitch-based roofing membranes, damp proof courses and insulation materials. It mede pre-tax profits of £4.17m on turnover of £58.5m in 1982.

Camrex is more involved in marine coatings and bas an international service network though it also makes industrial and other special coatings.

It made a pre-tax profit of £802,000 in 1982—£35,000 less than the year before—on slightly lower turnover of £18.1m.

Ruberoid is offering 24 of its own 25p ordinary shares for every 100 Camrex 20p shares valuing Camrex shares at 62.4p on the basis of Ruberoid'e closing price of 260p yesterday. Ruberoid'e shares fell 7p, while Cemrex rose 9p to 65p.

Full acceptance of the offer would involve the issue of 2.3m shares or 16.2 per cent of the enlarged capital. A cash alternative worth 58p per share has been underwritten by Samuel Montagu, the merchant bank.

Mr John Roberts, Roberoid's managing director said that Camrex's Dufey Bitumastic bolding, currently worth £1.3m, "was not a primary or even secondary consideration" in the bid. Dufay's shares rose 6p yesterday to 40p, following the scrip issue.

Commenting on the possibility of further acquisitions by Ruberoid he said: "We are corporately very ambitious. We don't want to get indigestion but we would like to do other things which seem to make sense."

The company bought Catalin, a UK manufacturer of veneers and synthetic resins, in 1981 and last year took a 79 per cent stake in ATAB, a Belgian coatings manufacturer.

"One of my objectivas is to derive more profit from our building industry activities, another is to lessen our dependence on that one industry," Mr Roberts said.

Dalgety offshoot in deal with CWS

Dalgety Spillers Feed, a subsidiary of Dalgety, the agricultural services, food and cereal processing group, has acquired James Wyllie and Sons, an animal feed manufacturer wholly-owned by the Co-operative Wholesale Society (CWS), for an undisclosed sum.

Wyllie has mills in Dumfries, Garlieston and Stranraer, and distributes throughout south west Scotland from a depot at Kilmaroock.

This was the only remaining animal feed manufecturing operation owned by CWS. Mr Terry Pryce, Dalgety Spillers Feed chief executive, said the purchase mede a sensible geographical extension into Scotland for bis company. At present, Dalgety's northernmost animal feed operation is in Preston.

Dalgety is the second largest manufacturer of animal feeds in the UK, with an annual output of abont 1m tonnes. The new company will add a further 60,000 tonnes a year to annual output, not substantially altering Dalgety'e 10 per cent market share.

ANDERSON STRATHCLYDE

Central Mining & Investment Corporation says that as sufficient acceptances to its offer for Anderson Strathclyde bave been received it will, in due course, ecquire compulsorily any outstanding ebares. Meanwhile, its offer remains open for acceptance until further ootice.

AUTOMATED SEC./SCANTRONIC

Automated Security (Holdings) has exchanged contracts for the acquisition of 50 per cent of Scantronic, the largest UK manufacturer of digital communication equipment for central station alarms.

BALTIC LEASING

Baltic Leasing Group has revised its profit forecast concerning the proposed offer for West Coast and Texas Regional Investment Trust and says consolidated profit before tax for the year ended July 31 1983 be not less than £1.9m.

Hunting Petroleum paying £2.25m for Finnigans Paints

Hunting Petroleum Services bas agreed to acquired Finnigans Speciality Paints in a shares, cash end debentures deal worth about £2.25m.

The deal is subject to the receipt by Finnigans of certain taxation clearances.

Hunting has agreed to pay for Finnigans with £550,000 in cash, 750,000 ordinery Hunting shares, and £500,000 3 per cent guaranteed unsecured debentures repayable in two equal instalments in June 1984 and 1985. Hunting'e shares stood at 146p yesterday.

A company statement said the purchase was inteoded to extend Hunting's existing businessee in blending and marketing lubricating oil.

Finnigans, based in Prudhoe, Northumberland, makes anti-corosion materials, principally a rust preventive sealant and an enamel paint.

Net assets of Finnigans at the end of March were disclosed as £564,182. In the financial year anding on June 30 last year, the company earned pre-tax profits of £556,242. In the first nine months of the current financial year, profits have risen to £715,258, the company said.

Hunting has promised to eneure employment to all Finnigan's employees for e minimum of three years.

LMI IN JOINT SA VENTURE

London and Midland Industrials (LMI) bas entered into an ogreement with South African concero Murray and Roberts Holdings (M&R), which will result io LMI's South African and Australion subsidiaries, Greenlogs SA and Hunter Wire Products, being merged with a subsidiary of M&R, Herrmann Screens Manufacturing.

The merger will take the form of a jointly-owned South African holding company, Hardware Industries Invesiment, and both LMI and M&R will take a 50 per cent interest.

BANK RETURN

	Wednesday May 11 1983	Increase (+) or Decrease (−) for week
BANKING DEPARTMENT		
Liabilities	£	£
Capital	14,553,000	—
Public Deposits	37,431,464	− 6,274,064
Bankers Deposits	538,329,720	− 32,026,658
Reserve and other Accounts	2,053,690,106	− 11,116,647
	2,643,699,390	− 49,416,569
Assets		
Government Securities	446,761,952	− 65,485,000
Advances & other Accounts	1,253,833,813	− 6,628,409
Premises Equipment & other Secs.	639,216,373	+ 20,034,018
Notes	3,625,091	− 2,330,082
Coin	159,161	+ 1,904
	2,643,699,390	− 49,416,569
ISSUE DEPARTMENT		
Liabilities	£	£
Notes issued	11,140,000,000	− 120,000,000
In Circulation	11,136,374,909	− 117,669,018
In Banking Department	3,625,091	− 2,330,982
Assets		
Government Debt	11,015,100	—
Other Government Securities	4,094,188,254	− 550,868,761
Other Securities	7,034,796,646	+ 430,868,761
	11,140,000,000	− 120,000,000

Pentland Court move rejected

EDINBURGH-BASED Pentland Investment Trust, which is currently trying to fend off a takeover by the Throgmorton Trust, yesterday had an application rejected by the Scottish Court of Session that Throgmorton be restrained from registering the shares of which it has recently won control.

Pentland'e managers pointed out that one of the statements made by Throgmorton in its literature to Pentland shareholders, relating to the stamp duty payable if Pentland'e counter-proposals were accepted, was wrong. Throgmorton accepted this contention but claimed that this would have had no significant effect on the decision of Pentland shareholders to accept its bid.

Throgmorton has already won control of over 49 per cent of Pentland shares and has extended its offer until next week.

The court, which two weeks ago granted an interdict restraining Throgmortoo from repeating the misleading statements, declined to issoe a further interdict against Throgmorton.

GEO. BRAY AND CO. U.S. JOINT VENTURE

Geo. Bray and Co., domestic gas appliance burner manufacturer, end Burner Systems International Inc of the U.S., have agreed in principle, to set up a new joint venture company in the U.S. The new company will initially import and subsequently manufecture Bray's range of European style gas burners for sale within the U.S.

Bray is a subsidiary of Geo. Bray and Co. (Holdings), a private group based in Leeds, while Burner Systems is a subsidiary of a U.S. private group, based in Chatanooga, Tennessee.

BTG IN BUYOUT

British Technology Group says thet Oakwood Loan Finance, part of its small companies division has sold its 16 per cent equity option in Hytec Microsystems, to the Hytec ehareholders.

This is the first option sale negotiated by Oakwood. Its investment in Hytec was completed in July 1981 and comprised a £40,000 loan with an option on 16 per cent of Hytec's equity. It has been realised at a profit.

Oakwood bas committed £2m to 42 small companies, most of which are engaged in innovative businesses.

APV SWISS DEAL

APV Holdings has acquired a privately owned Swiss company, Gebruder Ott AG, which has its own manufacturing facilities, has represented APV International in Switzerland for many years.

SMITHS INDS.

Smith Industries has acquired a 96 per cent shareholding in Xionics for an initial consideration of £600,000. Xionics is involved in high integrity information systems.

TR Technology

Net revenue of TR Technology Investment Trust rose from £4.13m to £4.34m in the year to March 31 1983 and earnings per 25p share pushed ahead from 3.69p to 3.89p.

However, the directors warn that current year earnings will fall well short of those now reported although they expect an improvement in the long-term. The 1982-83 dividend total is being maintained at 3.3p with a final payment of 2.3p net.

However, the directors warn that current year earnings will fall well short of those now reported although they expect an improvement in the long-term. The 1982-83 dividend total is being maintained at 3.3p with a final payment of 2.3p net.

Total income for the year was £8.2m (£7.71m), from which expenses and interest took £945,000 (£1.35m) and tax £2.91m (£2.24m).

Appleyard Group

At the annual meeting of Appleyard Group Mr I. Appleyard, chairman, said that, as mentioned in his review, the group as a whole made a small profit in both January and February.

Results for the first four months showed the favourable trend was continuing.

Although it was necessary to remain cautious on the company's forward outlook, be was bopeful that he would see a continuation of the recovery trend both in the industry and for the company.

PRITCHARD SERVICES

Pritchard Janitorial Supplies, part of the Pritchard Services Group, has purchased Avon Janitorial Supplies of Bristol, which bas an annual turnover of about £500,000.

THE IMPERIAL COLD STORAGE AND SUPPLY COMPANY LIMITED

(Incorporated in the Republic of South Africa)

INTERIM REPORT FOR THE SIX MONTHS ENDED 31 MARCH 1983

CONSOLIDATED PROFIT

The unaudited consolidated results of the Group for the six months ended 31st March 1983 are stated below. The Company last year changed its financial year end to 30th September and consequently it is not possible to give comparable figures for the corresponding six month period October/March 1982. The results for the last full financial year ended 28th February 1982 and the seven month period ended 30th September 1982 are stated.

	6 Months ended 31.3.83 R000	7 Months ended 30.9.82 R000	12 Months ended 28.2.82 R000
Turnover	537 665	549 097	917 821
Group operating profit before lifo and interest	21 176	19 787	44 894
Lifo adjustment	287	2 202	7 832
Interest paid	6 631	5 968	7 238
	14 258	11 617	29 824
Dividends from investments	552	1 147	2 357
Group profit before taxation	14 810	12 764	32 181
Taxation	6 368	5 583	10 820
Group profit after taxation	8 442	7 181	21 361
Preference dividend	28	28	55
Attributable to:			
—outside shareholders	1 553	2 309	4 250
—ordinary shareholders of The Imperial Cold Storage and Supply Company Limited	6 861	4 844	17 056
Number of ordinary shares upon which earnings per share is based	26 938 956	26 301 456	26 301 456
Earnings per ordinary share	25.5c	18.4c	64.8c
Dividends per ordinary share	8c	12c	20c

CONSOLIDATED BALANCE SHEET

The unaudited consolidated balance sheet at 31st March 1983, together with the audited balance sheets at 30th September 1982 and 28th February 1982 are given below:

	31.3.83 R000	30.9.82 R000	28.2.82 R000
Capital employed			
Capital and premium	17 123	14 254	14 254
Non-distributable reserves	1 535	1 535	1 535
Retained surplus	93 635	89 430	89 027
Interest of shareholders of The Imperial Cold Storage and Supply Company Limited	112 293	105 219	103 816
Interest of outside shareholders in subsidiaries	6 934	S 442	6 965
Interest of all shareholders	119 227	110 661	110 781
Long-term liabilities	58 115	43 654	41 554
Deferred taxation	2 938	3 223	3 362
	180 280	157 538	155 697
Employment of Capital			
Fixed assets	137 175	128 154	114 295
Investments	14 233	10 313	10 382
Current assets	180 756	152 285	150 765
Current liabilities	(151 884)	(133 214)	(119 745)
	180 280	157 538	155 697
Ratios			
Current assets to current liabilities	1.19	1.14	1.26
Total liabilities to total shareholders' funds	176%	160%	146%
Total borrowings to total shareholders' funds	67%	77%	66%
	31.3.83	30.9.82	28.2.82
Commitments	R000	R000	R000
Capital Expenditure			
Contracted	15 412	13 317	15 337
Authorised but not contracted	41 629	22 967	28 129
	57 041	36 284	43 466
Amounts outstanding under lease agreements	877	381	688

COMMENT

In the Chairman's review for the period ended 30th September 1982, it was anticipated that the present year would be a difficult one. The downturn in the economy and resultant drop in consumer demand, coupled with the severe drought conditions being experienced in many areas of the country, adversely affected the company's operations in various divisions. The impact of higher interest on increased borrowings is apparent from the figures stated. The results reported reflect the above conditions.

The Company's meat operations bad a particularly difficult period. Farmers being forced to market livestock through lack of grazing depressed prices to below those realised a year ago. The meat board had to buy in large quantities of meat which the market could not absorb and consequently marketing from feedlots was adversely affected.

Milk supplies through most of the period were sufficient to meet demand but the prospects that supplies will be adequate to meet the fresh milk requirements during the winter months are unfavourable.

Production of frozen vegetables was satisfactory but keen competition affected realisations.

The expectionally bot weather in most parts of the country during the summer months brought increased turnover to the ice cream division and the new production facility taken into use in November 1982 operated effectively. The Company's two new commercial cold stores in Johannesburg and Cape Town bad high occupancies.

The results of our broiler chicken operation were adversely affected by low market prices realised during the period, but such prices have since firmed.

Distribution costs continue to rise in line with inflation while, in the current situation, prices and margins of agricultural products beve not risen in sympathy.

PROSPECTS

The period under review traditionolly contributes the larger portion of the Company's annual profits. Trading results in the second half of the year will depend on how severe the current drought affects economic activity in general and the agricultural sector in particular. The Company will continue to strive for improved productivity and for the reduction of operating costs wherever possible.

CAPITAL REQUIREMENTS

In previous reports reference has been made to the Company's continuing programme of renewal aod expansion of its facilities. The board is of the view that part of the finance required for this programme should be provided by way of additional sbare capital and consideration is presently being given to the issue of additional shares by way of a rights issue. A further announcement will be made in due course.

INTERIM DIVIDEND

In view of the change in the Company's financial year now covering different trading patterns, the board has considered it appropriate that there sbould be a better relationship between the interim dividend and the final dividend for the year. Accordingly an interim dividend of 8 cents has been declared, but this should not be interpreted as an indication that the total dividend for the current year will be increased. The abovementioned interim dividend will be paid on 13th July 1983 to shareholders registered on 17th June 1983. It is the intention of the board, in the absence of unforeseen circumstances, to maintain the dividend for the current financial year at the same level as that paid in respect of the last full financial year ended 28th February 1982.

SHARE CAPITAL

The issued ordinary share capital of the Company was increased from R6 575 364 (26 301 456 ordinary shares of 25 cents each) to R6 734 739 (26 938 956 ordinary sbares of 25 cents each) during the period under review through the allotment of 637 500 ordinary shares to employees in terms of The Imperial Cold Storage and Supply Company Limited employee share purchase scheme. There was no change in the authorised share capital of the Company.

On behalf of the Board
W. H. NEATE (Chairman)
J. M. LIEBENBERG (Exective Director)

10th May 1983

DIVIDEND DECLARATIONS

Interim Dividend No. 96 on Ordinary Shares

Notice is hereby given that an interim dividend of 6 cents per share has been declared on the Company's ordinary shares payable to shareholders registered in the books of the Company on 17th June 1983.

This dividend is declared in the currency of the Republic of South Africa and becomes due on 18th June 1983. Divideods payable from the offices of the Company's London Transfer Secretaries will be paid in the United Kingdom currency et the rate of exchange ruling on 20th June 1983. Dividend warrants will be posted on or about 13th July 1983.

Non-resident shareholders' tax will be deducted from dividends where applicable. The ordinary sbare registers of the Company will be closed from 18th June 1983 to 1st July 1983, both dates inclusive.

Interim Dividend No. 88 on Preference Shares

Notice is hereby given that an interim dividend of 2¼ per cent has been declared on the Company's preference sbares payable to sbareholders registered in the books of the Company at the close of business on 3rd June 1983.

This dividend is declared in the currency of the Republic of South Africa and becomes due on 4th June 1983. Divideods payable from the offices of the Company's London Transfer Secretaries will be paid in United Kingdom currency at the rate of exchange ruling on 6th June 1983. Dividend warrants will be posted on or abont 28th June 1983. Non-resident shareholders' tax will be deducted from dividends where applicable. The preference share registers of the Company will be closed from 4th June 1983 to 17th June 1983, both dates inclusive.

By order of the Board
J. P. ENSLIN
Secretary

Registered Address:
171 Jacob Mare Street
Pretoria 0001.

Transfer Secretaries:
Consolidated Share Registrars Limited
1st Floor, Edura House
40 Commissioner Street
Johannesburg 2001
(P.O. Box 61051, Marshalltown 2107)

Charter Consolidated Services Limited
Charter House, Park Street
Ashford, Kent TN24 8EQ

10th May 1983

UK COMPANY NEWS

Lloyds & Scottish ahead after buoyant first half

A MORE buoyant market and lower cost of money has contributed to an improved performance at Lloyds & Scottish for the six months to March 31 1983. Pre-tax profits for the period rose from £6.5m to £10.6m. Profits for the whole of the previous year were £10.76m.

Mr G. Duncan, the chairman, says that at the end of the half-year, proceeds from a rights issue amounting to £71.3m were received. The additional funds will ensure that the group, a subsidiary of Lloyds Bank, can continue to expand its business from a sound capital base.

He adds that while the high level of provisions for bad debts bave a significant impact on profitability, recent reductions in interest rates are belpful and current new business volumes are satisfactory.

The interim dividend is reduced from 1.87p to 1p net—last year's total was 3.87p, and stated earnings per 20p share bave improved from 3.56p to 5.15p.

First half tax was up from £2.06m to £3.42m. Minority interests took £1.06m compared with £187,000, and after extraordinary debits this time of £3.03m, attributable profits came out £3.1m against £4.23m. Dividends absorb £1.87m (£2.22m), leaving retained profits lower at £1.23m (£2.01m).

The extraordinary debit comprised provisions for the anticipated loss on cessation of a business and on disposal of a subsidiary and other trading interests, after tax relief of £637,000.

Mr Duncan points ont that during the first six months' period, the group's UK factoring companies, Alex Lawrie Factors and International Factors, became wholly-owned subsidiaries following the acquisition from the First National Bank of Boston of its 25 per cent holding in these companies. Together, they account for about 30 per cent of the factoring market and have considerable scope for further development.

On April 29, House of Clydesdale, the electrical goods retailing company in Scotland, was eold to a group of institutional investors, with the managers of tha company taking a share of the equity.

The integration of Bowmaker and Hamilton into the group is progressing well, he says, and the new Lloyds Bowmaker Finance Group will become fully operational later in the year, providing an opportunity for further growth in the group's main markets of instalment credit and leasing.

Stainless Metalcraft for USM via offer for sale

BY DOMINIC LAWSON

Stainless Metalcraft, a manufacturer of stainless steel high precision equipment and components, is coming to the Unlisted Securities Market by way of an offer for sale of 3.35m shares at 120p each.

No money is being raised, all the shares being sold by the controlling Childs family for £3.9m after expenses. At the placing price Stainless Metalcraft will be capitalised at £6m.

The group, which was incorporated in 1954, forecasts that it will make £850,000 pre-tax for the year to August 1983, although it points out that t[illegible] figure will include "exceptional currency profits." In 1978 it made almost £400,000, a figura that was not exceeded until 1980. The following year profits slumped to £123,000, but in 1982 the group turned in a record £695,000, though that included exceptional currency profits of £157,000.

At the placing price Stainless Metalcraft is on a prospective fully taxed p/e of 14.7, and will yield 5 per cent on the prospective dividend.

One main reason for the recent growth is that the group became a major supplier to Oxford Magnet Technology, a subsidiary of Oxford Instruments, of components for Oxford's ranga of superconducting cryogenic magnets. These are the central component in the development of Nuclear Magnetic Resonance imaging technology, which is of particular applicatioo in the field of body scanners.

Mr Simon Knott, senior partner of brokers to the issue, Greene and Co, and non executive chairman of Stainless, said yesterday: "I am assured that Oxford too will be coming to the stock market, probably for a full listing."

Each of the underwriters to the offer will be entitled to apply for 50 per cent of the shares underwritten by it at 120p each, ensuring that institutions will hold, initially, about 50 per cent of the equity. After the offer for sale the Childs family (one of whom, Mr Christopher Childs, is chief executive) will bold about a third of the eqnity.

Application lists open on May 20 and dealings should start one week later.

● comment

Stainless Metalcraft has found a neat way around the new issue rules. The usual USM placing method was ruled out because of the large size of the issue, so instead half of the offer is effectively retained by Greena and Co for its institutional clients. Still, the extent to which the Childs family is cashing in its chips ensures that private investors will still have a reasonable chunk of the equity to pitch for. Originally the family had offered the whole business for sale, so in the long run the Childs' remaining 33 per cent stake in the equity can be seen as overhanging the market. Though basically an engineering company, last year's pre-tax margins of over 20 per cent (helped by exceptional currency profits) go a long way to justifying the rating put on the shares. In addition there is a prospective 5 per cent yield. Stainless makes great play of its involvement in the field of nuclear magnetic resonance. That one contract may be very lucrative, but it should be noted that it contributes about 40 per cent of turnover and profits and can be terminated at three months notice.

Higher surplus by Warner Estates Hdgs.

Higher pre-tax profits of £1.22m against £991,000 were shown by Warner Estates Holdings for the six months to the end of March 1983. Turnover of this property investor improved from £3.52m to £4.4m.

The net interim dividend has been lifted from 3.5p to 4p with earnings per 25p share shown as rising from 4.28p to 5.79p.

Attributable profits emerged ahead from £484,000 to £634,000 after tax took £576,000 (£505,000), and minorities came to £5,000 (£1,000).

Net proceeds of bouse and flat sales totalled about £1.19m for the six months after dedncting estimated tax at £198,000.

During the balf year the company bonght 20,000 of its own ordinary sbares in accordance with the authority granted by an EGM on March 10

JSD Computer

After exceptional debits of £65,000 pre-tax profits of £392,000 have been shown by JSD Computer Group International. This compares with a forecast of more than £450,000 before exceptional items msde in February. The final dividend of this USM stock is higher at 1.5p than the amount of at least 1p predicted at the interim stage.

The total dividend is 2.1p against 0.6p for last year.

The exceptional debit was made against a breach of contract by a client in New York.

Turnover amounted to £4.64m. Sales for the first quarter of 1983 are 16 per cent ahead of the same period last year, and the directors are optimistic that 1983 will be another good year.

Tax took £209,000. Attribntable profits were £212,000, including extraordinary credits of £117,000, but after deductiong £88,000 pre-acquisition profits of a subsidiary.

MINING NEWS

Amax now sees the way ahead

BY KENNETH MARSTON, MINING EDITOR

AMID the chandeliered elegance of London's Goldsmiths' Hall yesterday Mr Pierre Gousseland, chairman of the major U.S. diversified natural resource group, Amax, left his audience in no doubt about his conviction that Amax "is making a come-back" in line with the gathering world economic recovery.

The pace of the U.S. recovery "is, perhaps," more modest than we would wish, but there is no doubt that recovery is under way." He said that most economic indicators pointed to the recovery gaining momentum throughout the rest of this year and in 1984.

U.S. industrial production, said Mr Gousseland, had risen for four consecutive months, inflation remained under control and the liquidation of stocks "seems to be just about over."

He also pointed to signs of a revival of capital spending and rising orders for non-defence goods and machine tools, together with growing strength in the bousing and automotive markets.

The oil rig count for the week ended April 25 was the best for over a year. "If this upward trend continues, the metals industry will obviously benefit, although not immediately," said Mr Gousseland who added that the U.S. recovery would spread to Europe and the Far East.

He said that according to the Conference Board, "the leading growth rate indicators for the seven major Western industrialised countries now are all positiva. This is the first time that this has happened since August 1981 and indicates a more favourable economic environment for the mining and metals industry."

But all is not yet plain sailing for Amax which lost a net $48.7m (£31.1m) in the first quarter of this year, albeit reduced from the $244.5m loss recorded for the previous three months. Mr Gousseland was not to be drawn on wben the company would return to profits but he said that, "we firmly believe the worst is behind us."

Amax is the major world producer of the steel industry metal, molybdenum, and in line with the continued depression in that industry all the Amax molybdenum mines remain closed down, as are most of the rest in the world; total U.S. production of the metal amounts to only 20 per cent of capacity at the moment.

The price of the metal has improved to around $4 per lb (believed to be about break-even for Amax which is a low-cost producer) from a low in December of $2.35. But the improvement reflects production cuts coupled with the general speculative buying of all metals rather than any recovery in consumer demand from the alloy-steel companies.

Still, Amax hopes to be able to open part of its molybdenum mining capacity sometime next year. It still appears to be facing a long baul to the earning of significant profits from this metal. In the meantime, however, the company feels that it is well placed to make the most of economic recovery as a result of its ongoing austerity programme.

Thanks to fixed sales contracts, its big coal business is earning good profits, while the oil and gas, aluminium and silver operations are also doing well. The company has been making operating profits, before tax, during the past seven months and it seems possible that there will be a net profit before the year is out.

Like most of the natural resource industry, bowever, it will be next year before the company can again get back into its stride and, of course, there are big debts to be paid off.

So, the recovery process is going to take two or three years during which Mr Gousseland expects to see "improvements in (U.S.) housing and construction, increased consumer spending for durable goods and stronger capital investment as well as defence spending. These will mean a substantial increase in domestic consumption of minerals and metals."

Australia-Japan iron ore talks to resume

The annual price negotiations between Australian iron ore producers and the Japanese steel industry are expected to resume in Tokyo next week.

Negotiations carried out earlier this month were brought to a halt by Japanese demands for a 15 per cent cut in Australian iron ore prices compared with prices charged during 1982.

Japan imports some 55m tonnes of iron ore a year from Australia, equal to around 48 per cent of total imports.

Mr Brian Burke, Prime Minister of Western Australia, who is currently visiting Japan, is reported as objecting to the proposed 15 per cent reduction in Australian iron ore prices in view of the 11.4 per cent cut agreed with Brazilian iron ore exporters.

Seccombe Marshall

After tax and transfer to reserve for contingencies profits at discount house Seccombe Marshall & Campion rose from £409,723 to £427,998 for the year to the end of April 1983. The dividend has effectively been raised from 17.5p to 19p with a final of 13p against 10.5p adjusted for last year's 1-for-7 scrip.

HALF YEAR RESULTS

Six months to 31 March	Modified Historical Cost (£ million) 1983	1982	Current Cost (£ million) 1983	1982
Turnover	826.4	763.0	826.4	763.0
Operating Profit	65.9	67.0	63.6	65.4
Realised stock holding gains	0.4	10.0	—	—
Trading Profit	66.3	77.0	63.6	65.4
Gearing adjustment	—	—	11.0	13.3
Less interest	30.2	30.4	30.2	30.4
Profit before tax	36.1	46.6	44.4	48.3
Less tax	7.5	11.9	7.5	11.9
Less minority interests	7.4	4.9	7.5	5.0
Earnings	21.2	29.8	29.4	31.4
Earnings per share (net basis)	5.48p	8.99p	7.61p	9.48p

- Trading profits on a current cost basis for The BOC Group in the six months to 31 March were £63.6 million, against £65.4 million in the same period last year. However, on a modified historical cost basis, trading profits declined from £77.0 million to £66.3 million, and pre-tax profits declined from £46.6 million to £36.1 million in the first half of 1983.
- The Directors have declared an interim dividend of 2.73p net per share (last year 2.6p) payable on 4 October 1983 to the holders of ordinary shares registered at close of business on 2 September 1983.

THE BOC GROUP

A 12 page Review of the half year is available on request. Write or phone Corporate Communications, The BOC Group plc, Hammersmith House, London W6 9DX. Telephone: 01-748 2020.

UK COMPANY NEWS

Porter Chadburn losses trebled

LOSSES before tax more than trebled at £545,460 against £180,789 are reported by Porter Chadburn for the year to January 6 1983, reflecting the costs of closing soma activities. Turnover of this maker of brewery and marine engineering equipment beld up at £13.56m against £13.65m.

Despite losses per 20p share of 17.19p against 5.91p before extraordinary debits, and 44.4p against 5.91p after, the net dividend has been beld at 0.35p.

Decisions were rade during the year, say the directors, to discontinue certain activities, primarily the manufacture of overhead travelling cranes and electric wire rope boists. Costs of running down prior to discontinuing thesa activities were considerable and estimated to be: Trading profit—ongoing activities £157,000, discontinued activities loss £388,000, making loss £231,000.

At the half-way losses increased from £53,000 to £231,000. The directors were unable to forecast any substantial improvement in the immediate future, hut said thet a critical review of current activities was taking place to correct the situation in the longer term.

At the trading level for tha year there was a downturn from profits of £143,477 to the losses of £231,428. Interest payments took £245,956 against £245,002, and there were reduced exceptional expenses of £68,076 compared with £79,264.

Tax was the same at £6,552 and there were extraordinary debits this time of £880,201.

Extraordinary debits relate to discontinued activities and include: redundancy payments, less government grants £303,448; estimated operating losses and closure costs £128,080; write down of fixed assets £123,568 less regional development grants £54,223; amount calculated to write down stock on discontinued products to estimated realisabla value £379,328 making £880,201.

The attributable deficit came through at £1.43m (£187,341) from which ordinary dividends will ebsorb £11,321 (same).

Minty in the red

Losses of £21,000, against profits of £107,000, are reported by Minty, furniture manufacturer, for the year to January 29 1983. The final dividend is cut from 5p to 2p net for a total of 4p, down from 7.5p.

Turnover was little changed at £3.42m compared with £3.46m. There was a tax credit of £55,000 against a charge of £36,000, and stated earnings per 25p share were considerably lower at 8.29p (17.54p).

Dencora profit increases by 49% to £404,000

Dencora, East Anglia-based property development and investment group which joined the USM last June, bas shown a 49 per cent jump in profits before tax in 1982 from £271,000 to £404,000, and an increase in net assets per share to 85.7p compared with 80.7p at the time of entering the USM.

Mr John Laurence, chairman, reports satisfactory progress in the group's main business, property investment, with assets increased to £18m, up 26 per cent over 1981. Gross rental income increased from £964,000 to £1.16m, a 20 per cent rise.

Although industrial lettings were slow in the first half of the year, Mr Laurence says, second-helf proved satisfactory and the first quarter of 1983 continues to be encouraging, with new sites being developed at Ipswich, Felixstowe, Colchester and Cambridge.

Househuilding was profitabla and the gronp holds sufficient land to meet its needs for tha next two to three years. During this year the rete of development is being doubled to abont 150 units per annum.

Mr Laurence says that Dencora is entering the housing-for-the-elderly market in selected areas. The first site has been purchased at Gorleston-on-Sea, Great Yarmouth, wbere Dencora has planning consent to build 32 units.

As indicated in the prospectus last summer, a dividend payment for 1982 is not being recommended and profits are being credited to revenue reserve. Earnings per 25p share were shown as rising from 1.8p to 3.6p.

Turnover moved ahead from £3.24m to £3.84m. Operating profits came out ahead from £1.06m to £1.29m before interest charges of £884,000 (£784,000). Tax last time amounted to £91,000. Extraordinary credits fell from £85,000 to £72,000 leaving net profits of £476,000 (£265,000).

Buildars' merchanting had e successful year with expansion plans in 1983 under discussion.

A small security company was acquired in June 1982 which has been renamed SAS-Security Alarm Systems. This venture has so far made a loss but during 1983 it should be profitahle.

Hartons £230,000 improvement

WITH SALES higber at £4.9m, compared with £4.31m, taxable profits of Hartons Group, with interests in plastics, engineering and property, emerged at £267.00 for 1982, an improvement of £230,00 over figures for 1981—the group's shares are traded on the USM.

In the current year trading for the first few months continues to reflect tha improvements seen in the latter part of 1982 and altbough the group's results are linked to the general economic climate the directors are confident that 1983 will see an improvement in its performance and that they will be in a position to recommend an increase in the dividend.

For tha year under review they are paying 0.175p net per 5p share, from earnings per share of 0.71p, egainst 0.16p previously.

Pre-tax results were after deducting £82,000 pre-acquisition profit this time. Tax rose to £113,000 (£1,000) and after minorities and extraordinary debits of £456,000 (£36,000) there was a deficit of £304,000 (£1,000).

Extraordinary items included £185,000 costs and stock adjustments from tha Visijar Tuckers merger and £236,000 releting to goodwill on acquisitions mada during the year which the directors decided to write off in full.

The Visijar Tuckers group, which became a wholly-owned subsidiary last December, consolidated its position with reasonable success. The policy of Sumner Products of concentrating on the development of nnrsery and electrical products and seatsticks started to show results in the latter part of tha year.

In the current year trading et Visijar Tuckers, distributor of semi-finished plastics, and Sumner Products is "encouraging."

Lex 50% ahead at four months

Mr Trevor Chinn, chairman of Lex Service, told the AGM that the overall results of the group for the first fourth months of 1983 were encouraging and that profits at the pre-tax leval were more than 50 per cent bigher than for the sama period in 1982.

The outcome for tha full year would clearly be affected by the political and economic environment, be added.

Shareholders were told thet according to management information the improved trend of all tha group's major businesses referred to in tha annual report had continued over the four months.

Mr Chinn revealed that tha group was also seeing a continuing improvement in its other motor vehicle distribution businesses as well as in the transport and leasing activities despite a fiercely competitive environment.

Demand for electronic components in the U.S. had strengthened consistently since the beginning of the year with sales volume at Schweber Electronics for the four months 24.6 per cent higher than for the same period in 1982, he said.

The chairman concluded that following acquisition of Jermyn Holdings in April, the integration of the business into Lex was proceeding and Jermyn's markets were continuing to experience increases in demand.

RESULTS AND ACCOUNTS IN BRIEF

HOLYROOD RUBBER—Final net dividend 20p (30p) for 1982 making 30p (45p) for the year. Turnover £483,000 (£501,000). Pre-tax profit £45,000 (£113,000) including investment income £31,000 (£36,000) but after replanting expenditure £59,000 (£23,000). Tax £9,000 (£29,00). Earnings per £1 stock unit 42.12p (97.14p). Ultimate holding company is Harrisons & Crosfield.

KUALA SELANGOR RUBBER—Net final dividend 9p (same) for 1982 making 13.5p (same). Turnover £749,000 (£857,000). Pre-tax profit £334,000 (£296,000) including investment income £30,000 (£36,000). Tax £179,000 (£153,000). Earnings per 10p share 20.02p (18.38p). The ultimate holding company is Harrisons & Crosfield.

CUSSINS PROPERTY GROUP — Results for 1982 reported April 20. Group shareholders' funds £5.81m (£4.82m). Fixed assets £4.48m (£3.42m). Net current assets £1.22m (£1.11m). Net increase in working capital £573,814 (£665,879). Current year has started well and chairman looks forward to a satisfactory outcome for 12 months as a whole. Meeting: Savoy Hotel, WC, June 2, 11 am.

WITAN INVESTMENT COMPANY—Final dividend 1.2p, making 2.25p (2.1p) for the year to the end of April 1983. Gross income £7.5m (£6.99m). Interest charges £943,000 (£881,000). Management expenses £489,000 (£456,000). Tax £2.02m (£1.92m). Earnings per ordinary share 2.32p (2.14p). Net assets per ordinary, taking debenture stocks at par 141.5p (97.7p) and debenture stocks at market value 143p (96.8p).

SAB THE SOUTH AFRICAN BREWERIES LIMITED

(Incorporated in the Republic of South Africa)

Preliminary Results and Final Dividends for the year ended 31 March 1983

COMMENT

Earnings

Earnings of R198,3 million attributable to ordinary shareholders represent earnings per share of 78,0 cents, 4% up on the previous year and in line with the modest improvement forecast in last year's Chairman's statement and reaffirmed in the Interim Report.

The detailed income statement and balance sheet include the results of the acquisitions of Edgars and Scotts on a fully consolidated basis in the current year but on an equity accounted basis for the limited period in the previous year that they formed part of the SAB Group.

Beer volume growth of 9% assisted in improving profits in the year under review as did the substantial taxation allowances arising from the current brewery expansion programme. This, together with improved earnings from the increased level of investment in the other substantial beverage interests (wines, spirits, soft drinks and fruit juices), enabled total attributable profits from the beverage interests of the Group to increase from R91,8 million to R119,3 million, representing an increase of 11% in equivalent earnings per share. The contribution of the diversified interests of the Group, however, measured on the same basis, declined by 5%. During the last six months the sharp downturn in private consumption expenditure was felt right across the Group and, in the light of this, the overall performance is considered satisfactory.

Dividend

Your Directors have decided to increase the final dividend while maintaining the rate of dividend payout at 45% for the year under review. Accordingly, a final dividend of 25,0 cents has been declared, making a total of 35,0 cents for the year (1982 - 34,0 cents).

Prospects

An improvement in the recessionary conditions presently being experienced in the South African economy is not expected before the early part of 1984. This, together with the impact of severe drought conditions, will adversely affect private consumption expenditure throughout the coming financial year.

Group budgets indicate a capability of matching earnings per share for the year as a whole, although the first half year could well show some decline. However, if the accelerating downtrend in private consumption expenditure does not level out by the middle of the new financial year, it will be extremely difficult to meet the budgeted performance.

For and on behalf of the Board
F J C Cronje (Chairman)
R J Goss (Group Managing Director)

2 Jan Smuts Avenue
Johannesburg 2001
11 May 1983

FINANCIAL RESULTS

Consolidated income statements

The unaudited results of The South African Breweries Limited and its subsidiaries for the year ended 31 March 1983 are as follows:

	1983 Rm	1982 Rm	% Change
Turnover	4 341,6	3 057,4	
Operating profit before interest paid and taxation	398,4	311,9	+28
Interest Paid	77,3	40,7	
	321,1	271,2	
Taxation	108,2	93,1	
	212,9	178,1	
Dividend income and equity accounted earnings	41,3	36,9	
Profit after taxation	254,2	215,0	+18
Attributable to outside shareholders	52,6	44,6	
Preference dividends	3,3	3,4	
Earnings attributable to ordinary shareholders	198,3	167,0	+19
Earnings per ordinary share (cents)			
Beverage interests	45,8	41,2	+11
Diversified interests	32,2	33,9	−5
Total	78,0	75,1	+4
Number of ordinary shares on which earnings per share are computed (000's)	254 021	222 405	
Dividends per ordinary share (cents)			
Interim	10,0	10,0	
Final	25,0	24,0	
Total	35,0	34,0	+3

Consolidated balance sheets

	31.3.83 Rm	31.3.82 Rm
Ordinary shareholders' equity	851	667
Preference capital	48	48
Outside shareholders' interest	324	206
Total shareholders' funds	1 223	921
Long term and deferred liabilities	514	410
	1 737	1 331
Fixed assets	1 246	1 031
Current assets	1 294	848
Total assets	2 540	1 879
Current liabilities	803	548
	1 737	1 331
Gearing ratio Interest bearing debt to total shareholders' funds	0,58:1	0,53:1
Returns Taxed operating profit as a percentage of net assets	15,6	17,0
Attributable profit as a percentage of ordinary shareholders' equity	22,3	25,1

DECLARATION OF FINAL DIVIDENDS

NOTICE IS HEREBY GIVEN THAT on 11 May 1983 the Directors declared tha following final dividends on account of the year ended 31 March 1983 payable on or about 8 July 1983 to shareholders registered on 3 June 1983.

Ordinary shares

A final dividend of 25,0 cents per share, which together with the interim dividend of 10,0 cents per share paid on 31 December 1982 represents a total for the year of 35,0 cents per share (last year's total dividend 34,0 cents per share).

Preference shares

Final dividends calculated in respect of the six months ended 31 March 1983.

Class	Nominal value per share	Dividend per share
8,2% cumulative	R2,00	8,2 cents
7,0% convertible redeemable cumulative	R1,00	3,5 cents
8,0% redeemable cumulative	R1,00	4,0 cents
7,0% cumulative	R1,00	3,5 cents

The foregoing dividends are declared in the currency of the Republic of South Africa. Warrants in payment will be posted on or about 8 July 1983 to Members at their registered addresses or in accordance with their written instructions and will be despatched from the office of the transfer secretaries in Johannesburg to all payees except those to whom payment will be made from the office of the London Secretaries of the Company (Barnato Brothers Limited, 99 Bishopsgate, London EC2M 3XE).

Any instructions which will necessitate an alteration in the office from which payment is to be made must be received on or before 3 June 1983.

Payments from the office of the London Secretaries of the Company will be made in United Kingdom currency calculated by reference to the rate of exchange ruling on 20 June 1983 or at a rate not materially different therefrom.

South African Non-Resident Shareholders' Tax at the rate of 14.03% and United Kingdom Tax will be deducted from the dividends where applicable.

The Transfer Books and Registers of Members in respect of the shares which are the subject of this notice will be closed from 4 June to 12 June 1983, both dates inclusive.

By order of the Board
B C Weigel
Group Secretary

2 Jan Smuts Avenue
Johannesburg 2001
11 May 1983

Copies of this Preliminary Report are obtainable from the London Secretaries: Barnato Brothers Limited, 99 Bishopsgate, London EC2M 3XE.

SKF

Interim statement

SKF Group sales for the first three months of 1983 rose to 4,045 million Swedish kronor (Skr), 10% up on the corresponding 1982 period. Profit before exchange differences was 103 million kronor (244).

Contributory causes of the profit decline were the costs involved for short time working and the idle-capacity cost through regulating inventories by means of production cuts. Order intake and shipments in both the steel and bearing sectors increased towards the end of the period.

Comparison tables including the financial year 1982:

Mkr=million Swedish kronor	January 1 to March 31 1983		1982		Jan 1 to Dec 31 1982	
	Mkr	%	Mkr	%	Mkr	%
Net sales	4,045	100.0	3,671	100.0	14,358	100.0
Other operating income	62		22		233	
Operating revenue	4,107		3,693		14,591	
Cost of goods sold	2,934	72.5	2,480	67.6	9,899	68.9
Selling, administrative and R & D expenses	860	21.3	758	20.7	3,140	21.9
Operating income before depreciation	313	7.7	455	12.4	1,552	10.8
Scheduled depreciation	124	3.1	120	3.3	468	3.2
Operating income after depreciation	189	4.6	335	9.1	1,084	7.6
Financial income and expenses—net	-86	2.1	-91	2.5	-427	3.0
Income before exchange differences	103	2.5	244	6.6	657	4.6
Earnings per Parent Company share, Skr	1.80		4.65		12.50	
Capital expenditure, Mkr.	119		100		709	
Average number of employees	42,272		49,390		47,138	
Group sales by product field*	Mkr	%	Mkr	%	Mkr	%
Rolling bearings	2,960	69.6	2,610	67.4	10,400	68.1
Steel	590	13.9	650	16.8	2,370	15.5
Cutting tools	160	3.8	150	3.9	570	3.7
Other products	540	12.7	460	11.9	1,930	12.7
Total	4,250	100.0	3,870	100.0	15,270	100.0

**Sales figures include internal deliveries between the product fields.*

CONTRACTS AND TENDERS

COMPANY NOTICE

COMPANY NOTICES

APPOINTMENTS

NatWest domestic banking treasurer

Mr David Jude has been appointed deputy treasurer of NATIONAL WESTMINSTER BANK'S domestic banking division. Previously treasurer, Lombard North Central, Lombard Street office he succeeds Mr John Leopold who becomes treasurer.

★

Mr Lambert Courth has been appointed chief executive of BAYER UK pharmaceuticals division, Haywards Heath. He was vice-president of another Bayer company, Miles Pharmaceuticals in Toronto.

★

NCR's financial systems division in the UK has been split into two. Mr Sean Dixon-Child will continue as a member of the board of NCR UK and as director of the new-styled financial systems division, which will now concentrate on major UK clearing banks. Mr Mike Newley has been appointed manager of the general financial division which will look after other UK and overseas banks, building societies and other financial institutions throughout the UK and Ireland.

★

SAMUEL MONTAGU & CO. has appointed Mr Graham Jones an assistant director from May 31.

★

Former Labour MP Mr John Watkinson has resigned as a director of LONDON & LIVERPOOL TRUST to concentrate on his political career. He sat for six years as the member for West Gloucestershire and has been adopted as the SDP candidate in the forthcoming election. Mr Watkinson will remain as a consultant to London & Liverpool Trust on legal matters.

★

Mr A. F. Saunders and Mr H. J. Tudball have been appointed to the main board of SIDNEY C. BANKS. Mr Saunders has been an associate director and responsible for the seeds division. Mr Tudball is also an associate director and company secretary.

★

BAT director

Mr B. D. Bramley has been appointed a director of BRITISH-AMERICAN TOBACCO CO. Formerly managing director in New Zealand he will assume responsibility for liaison with India, Pakistan, Bangladesh and Sri Lanka.

★

Mr David E. Reid has been appointed finance director of International Stores, a member of the BAT Stores Group. He joined BAT Stores in 1979 as group financial controller and moved to International in 1981.

★

Commercial director for Cadbury

Mr Norman S. Hawkins, currently CADBURY sales director, has been appointed commercial director in the UK confectionery division, a new post combining responsibility for marketing and development of the division's commercial units. Mr Colin S. James and Mr John S. Tweedale are appointed divisional sales directors, responsible for the retail and wholesale salesforces respectively.

★

ICL has appointed as a non-executive board member, Professor Michael S. Scott Morton, from June 7. He is Professor of Management at Sloan School of Management, Massachusetts Institute of Technology, Cambridge, Massachusetts, U.S.

★

Mr P. B. Bell, assistant general manager (stock exchange investments), will be retiring from the LEGAL & GENERAL GROUP on July 31 and will be succeeded by Mr R. L. Sleight, at present assistant general manager (personnel) who becomes assistant general manager (investments) from June 1 and takes over as assistant general manager stock exchange investments) from August 1. Mr C. C. Harris, at present manager (personnel), will be assistant general manager (personnel) from June 1.

★

Mr John Bridle, Mr Jose (Pepe) Castellvi and Mr Tim Smart have been appointed directors of scotch whisky distillers, William Grant and Sons.

★

Wine and spirit shipper JOHN E. FELLS & SONS has appointed Mr Ian Emeny as managing director. He has been sales director of J. R. Phillips & Co since 1979 and will join Fells in late June.

★

VILLIERS has appointed Mr Patrick Horsley to the board as purchasing director.

★

Mr Mark St Giles and Mr Philip J. S. Gray have been appointed directors of G. T. MANAGEMENT.

★

Mr D. Meinertzhagen has been re-elected chairman and Mr M. H. McAlpine and Sir John Cuckney have been re-elected deputy chairmen of ROYAL INSURANCE. Mr K. A. C. Thorogood, a director since 1973, did not seek re-election to the board.

★

AGB RESEARCH has made the following appointments in group companies: Miss Debbie Walter as managing director of Audience Selection and Telsales. Mr John Clemens has given up the managing directorship, though remaining a director, to concentrate his activities as managing director of AGB Cable and Viewdata. Mr A. R. Davis becomes a director of Magnum Distribution, he was financial controller. Mrs M. A. Edge is made an associate director of Magnum Distribution continuing as field manager. Mr W. A. Faulkner is appointed a director of McNair Anderson Associates in Australia. Mr R. Latham is made a director of McNair Surveys New Zealand, Auckland. He continues as director of Hunter AGB. Mr B. Potter, Mr P. Rich and Miss F. Smallwood are appointed associate directors of McNair Surveys New Zealand.

★

Dr John Evans has resigned from Abbey Life Assurance Company to become divisional manager, marketing and sales, THE LONDON LIFE ASSOCIATION.

★

Mr P. G. Cazalet has been appointed a non-executive director of THE DE LA RUE COMPANY. He is a managing director of the British Petroleum Company and a non-executive director of Peninsular and Oriental Steam Navigation Company.

★

CHERRYNORTH has appointed Mr T. E. Broadhurst and Mr J. G. Mackenzie Green as directors.

★

Mr Andy Ferguson has been appointed sales director of THE PALITOY CO. He was field sales manager.

★

GROUP 4 TOTAL SECURITY has appointed Mr Peter Tapply to the main board as operations director. He was managing director of Group 4's company in the Irish Republic.

★

Mr Roger Maingot has been appointed to the board of MARANELLO CONCESSIONAIRES, sole UK concessionaires for Ferrari cars. He joined Maranello in 1977.

★

Following the retirement of Mr Peter Francis, Mr John Martin has succeeded as senior partner of consulting actuaries R. WATSON & SONS.

★

Mr Peter T. Syme has been appointed assistant managing director of WEIR PUMPS, Glasgow. He was previously production director.

★

Mr Ivor Casson has been appointed financial director of J. P. KENNY & PARTNERS.

★

Mr Derek Brightman, commercial director of COMMODORE INTERNATIONAL, has retired. He has been replaced by Mr David Rivett, who has responsibility for the container service operating to Spain and Portugal.

★

Minet to form new company

MINET HOLDINGS proposes formation of a new company, Minet Insurance Brokers, which will combine the UK non-marine division of J. H. Minet and Co. with Minet International, management company for all subsidiary and associated companies worldwide. The UK non-marine division of J. H. Minet and Co. encompasses Minet Consultancy Services and Minet Airport Insurance Services. Chairman of the proposed company will be Mr C. W. Keey, who will continue as deputy chairman and chief executive of Minet Holdings (Pty), South Africa. Mr R. E. Stedman will be the deputy chairman. Mr Keey and Mr Stedman are both directors of Minet Holdings. Mr E. G. Dennison retires as deputy chairman of J. H. Minet and Co. at the end of June, but remains a consultant. Mr H. J. Hayes and Mr J. T. Gore have been appointed joint deputy chairmen of J. H. Minet and Co.

BASE LENDING RATES

A.B.N. Bank	10 %	Grindlays Bank	†10 %
Al Baraka International	10 %	■ Hambros Bank	10 %
Allied Irish Bank	10 %	Heritable & Gen. Trust	10 %
Amro Bank	10 %	■ Hill Samuel	§10 %
Henry Ansbacher	10 %	C. Hoare & Co.	†10 %
Arbuthnot Latham	10 %	Hongkong & Shanghai	10 %
Armco Trust Ltd.	10 %	Kingsnorth Trust Ltd.	11 %
Associates Cap. Corp.	10 %	Knowsley & Co. Ltd.	10½%
Banco de Bilbao	10 %	Lloyds Bank	10 %
Bank Hapoalim BM	10 %	Mallinhall Limited	10 %
BCCI	10 %	Edward Manson & Co.	11½%
Bank of Ireland	10 %	Midland Bank	10 %
Bank Leumi (UK) plc	10 %	■ Morgan Grenfell	10 %
Bank of Cyprus	10 %	National Westminster	10 %
Bank of Scotland	10 %	Norwich Gen. Tst.	10 %
Banque Belge Ltd.	10 %	P. S. Refson & Co.	10 %
Banque du Rhone	11 %	Roxburghe Guarantee	10½%
Barclays Bank	10 %	Royal Trust Co. Canada	10 %
Beneficial Trust Ltd.	11 %	[illegible]	10 %
[illegible]	[illegible]	[illegible]	‡10 %
Brit. Bank of Mid. East	10 %	[illegible]	10 %
■ Brown Shipley	10 %	Trustee Savings Bank	10 %
Canada Perm't Trust	[illegible]	[illegible]	10 %
Castle Court Trust Ltd.	10½%	United Bank of Kuwait	10 %
Cayzer Ltd.	10 %	Volkskas Intl. Ltd.	10 %
Cedar Holdings	10 %	Westpac Banking Corp.	10 %
■ Charterhouse Japhet	10 %	Whiteaway Laidlaw	10½%
Choulartons	11 %	Williams & Glyn's	10 %
Citibank Savings	¶10 %	Wintrust Secs. Ltd.	10 %
Clydesdale Bank	10 %	Yorkshire Bank	10 %
C. E. Coates	10½%		
Comm. Bk. of N. East	10 %		
Consolidated Credits	10 %		
Co-operative Bank	*10 %		
The Cyprus Popular Bk.	10 %		
Duncan Lawrie	10 %		
E. T. Trust	10½%		
Exeter Trust Ltd.	11 %		
First Nat. Fin. Corp.	12½%		
First Nat. Secs. Ltd.	12 %		
Robert Fraser	10½%		
■ Guinness Mahon	10 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 6.75%, 1-month 7.00%. Short-term £8,000/12-months 9.35%.
† 7-day deposits on sums of: under £10,000 6¾%, £10,000 up to £50,000 7¼%, £50,000 and over 8¼%.
‡ Call deposits £1,000 and over 6¾%.
¶ 21-day deposits over £1,000 7¼%.
§ Demand deposits 6¾%.
¶ Mortgage base rate.

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PROPERTY IN SCOTLAND — FINANCIAL TIMES REPORT

Scotland's three main cities Glasgow, Edinburgh and Aberdeen have their individual sectors of activity in the property market despite the overall industrial decline.

SDA reappraises needs

By MARK MEREDITH, Scottish Correspondent

INDUSTRIAL DECLINE in Scotland tends to dull the overall property market picture. Although not at tha bottom of the unemployment leagua viewed as e whole, Scotland is still going through the long and painful process of shedding some of its heavy industries. The impact of this overshadowa the gains made in new industrial areas.

The uncertainty surrounding the future of the Ravenscraig ateel works and the threat of heavy redundancies in the ahipbuilding industry preoccupy public and private sector elike.

But worth noting emid all this are the property movements in Scotlend's large urban centres, Glasgow, Edinburgh and Aberdeen. Each city is vastly different in character and each has something of special interest to the property developer.

New life in tha offshore oil industry in Aberdeen, strong service sector growth in Glasgow and activity in the hotel market in Edinburgh are among the features.

But development of considerehle importance to tho property market over the next 12 months is likely to be found in the industrial property area. The country's main industrial landlord, the Scottish Development Agency, has just embarked on a searching reeppraisal of its epproach to a market which it has for years dominated—the advance factory unit.

The SDA is likely to consider the effectiveness of laying down an adeqnate supply of factory space to meet the demand of companies moving in from outside Scotland and of new indigenous industry.

Another fundamental consideration of the review is likely to be how to reactivate private sector interest in the economy.

Private sector developers have to a large extent allowed the SDA to take over the industrial property market, but recent experience bas shown that if conditions are right, the private developer may be ready to move back into this area.

Attracting the private sector back would bring a significant change in a market which has not really figured substantially in the property scene in terms of rents and returns for many years.

Private sector interests havo recently shown they are ready to join in the proposed Scottish Exhibition Centre in Glasgow through e schemo giving them an equity preference in a joint management company for the project.

Another area where tho property market may show signs of movement could be in forest property. Both privete and public sectors have joined in a concerted effort to develop the Scottish wood products industry and tap Europe'a last uncommitted forest reserve.

The combination of increased potential demand, and the maturing woodland to meet it, plus a Forestry Commission undertaking to sell off a good slice of its woodland, will generate considerable attention.

The region has fostered one of Europe's strongest concentrations of electronics industries, employing about 40,000 people. This bas brought with it a proliferation of indigenous support *industries all with their special* requirements for factory space, offices and homes.

Glasgow is showing e gradual but striking transformation. The motorway cut through the middle of the city has encouraged the gradual growth of office and hotel hlocks in the neglected areas on either side. Instead of an escape routa out of the city, the motorway is starting to ect as a magnet attracting new property development.

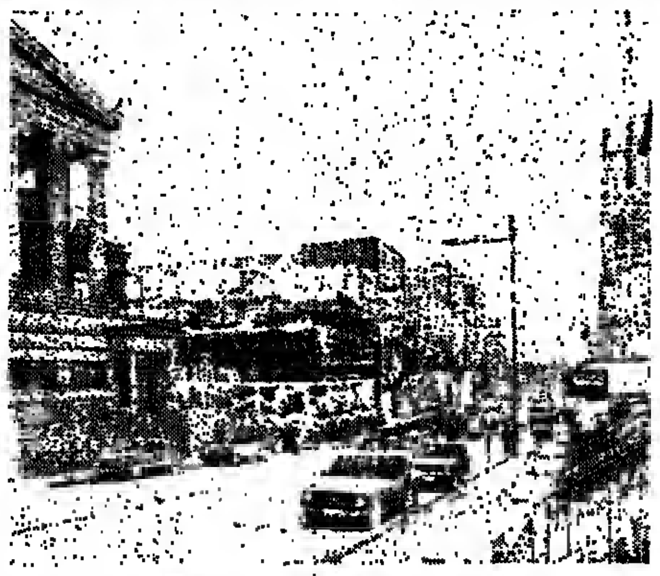
Once there was e concentrated effort to relieve the overcrowded east end slums of the city, but the trend is now reversed. Urban renewal programmes in the east end and the proposals for tha exhibition centre at Queens Dock, as well as new office and shopping complexes downtown illustrate this life moving back into the city.

Having been a centre for large industries, Glesgow is taking on the shape of an important service centre with the Britoil headqnarters, two hig hotels, expanded Ministry of Defence offices all bearing this out.

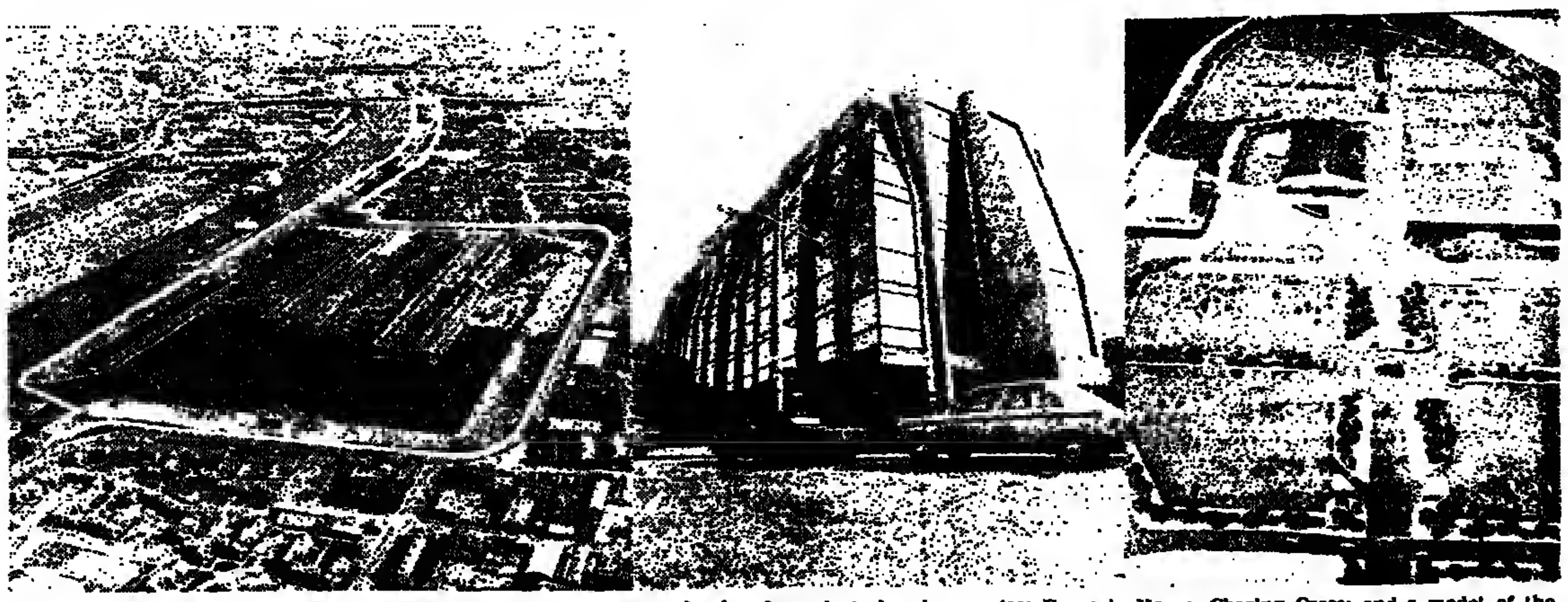
In Edinburgh, the capital end financial centre of Scotland, the demand for quality apartments is such that a number of old hotels have been bought for conversion.

(This is considered more closely elsewhere.)

In Aberdeen, after a lean winter when offshore oil ectivity was slack, the budget stimnlus to new exploration is expected to bring industrial activity and with it a sustained demand for property.



Artist's impression of the Britoil headquarters in Glasgow.



The Princes Dock site which the Clyde Port Anthority plans to redevelop for private housing; centre: Fountain House, Charing Cross; and a model of the proposed Scottish Exhibition Centre.

Office sector thrives in Glasgow

By JUDITH HUNTLEY

GLASGOW, Scotland's largest city, is undergoing e metamorphesis reflecting the changing times in which we live. Once the booming industrial beart of the country's heavy industries like shiphuilding and engineering, the city is fast turning into an active end thriving service centre. Glasgow has long been renowned for its fine Victorian huildings, increasingly recognised as one of its most valuahle assets, and these are forming the heart of the city'a changing fortunes.

Glasgow's planners are now keen to retain the city's Victorian heritage and it is in these buildings that demands from developers and tenants alike for prime office space, is at its strongest. Glasgow's prime office area is centred around St Vincent Street, West George Street and Bothwell Street, where conservation policies are very strict, making, one would assume, the developer'a life a barder one. However, confidence in the office market seems to abound with a string of scbemes underway or in the pipeline and a recent top flight letting which set a new rent trend.

The letting which set the market astir earlier this year was Commercial Union taking UK Temperance and General Provident Institution's 37,500 sq ft building et 122 St Vincent Street at £6.75 a sq ft. Many agents in Glasgow are hoping to see the £7 a sq ft barrier broken this year with some optimistic enough to hope for the magical figure of £8.

These encouraging rents however, only look like being achieved on the very best offices in the most sought after locations and egents agree it is still e tenants' market.

Knight Frank and Rutley estimate there is about 150,000 sq ft of offices being built in Glasgow with another 400,000 sq ft due to start this year. But high quality new or refurbished space in the heart of the city's prime area may atill be in short supply.

Attractiveness

An indication of the commercial attractiveness of Glasgow's office market can be seen in some recent deals. Electricity Snpply Nominees bought the Stenhouse building at 145 St Vincent Street for a yield of 4.5 per cent at the end of last year and General and Municipal Workers Union purchased Fountain House, Charing Cross, not e prime location, for a yield of 6.5 per cent.

Fountain House, developed by Melvllle Dundas and Whitson, attrecied much criticism from the Scottish Royal Fine Arts Commission which described it as "a monument to the failure of civic planning and architecture." The Commission said "its expensive materials cannot distract from its objectionable form." However, it has not deterred tenants, inc'uding the union itself, Rothschild and the Clydesdale Bank which is paying £6 e square foot for space.

Mountleigh Estates has paid whet is helieved to be close on £1m for the former Arts School building in Blythswood Square. Arrowcroft won the original hid for the building but pulled out of the deal and Mountleigh stepped in on the next round.

By fer the biggest and possibly the most controversial evidence of Glasgow's importance as e service centre can be seen from the decision to go ahead with a massive 600,000 sq ft headquarters for Britoil.

The Government has given its blessing to the project which also has approval from the planners.

The sheer scale of tbe development in St Vincent Street has caused cries of protest from conservationists. The Royal Fine Arts Commission is strongly opposed to its design which it says adversely effects imporiant church buildings. Phase one of the Britoil headquarters will have 400,000 sq ft and there will be a gradual phasing of staff from its existing Glesgow offices once it is underway.

In the pipeline

Mixed office and retail schemes are also in the pipeline for Glasgow, a further indication of the ronfidence investora have in the service function of the city. Developments Commerciel and Industrial has forward funded its 104,000 sq ft office end retail scheme in Argylle Street with two of the seven office floors pre-let. The scheme is costing £12m to develop and will heve 74,000 sq ft offices with 19,000 sq ft of shopping on the ground floor.

The hottest news on the *retail* front is the future of two rival major shopping proposals. Two councils are at loggerheads over the schemes, one of wbicb has the blessing of the Secretary of State. So far the other does not.

Standard Life is heading a ronsortium to develop 300,000 sq ft of shopping in Buchanan Street on a site owned by Glasgow council. On the other hand, the Scottish Development Agency wants to huild 275,000 sq ft of retailing, 80,000 sq ft of offices end a 250-bed botel on the former St Enoch station site.

The city is divided in its views over the merits of both schemes and their commercial viability. Some agents feel that the St Enoch scheme is not big enough to accommodete a large department store.

The Buchanan Street plan could teke in the requirements of one large store as well as other shopping and it is rumoured thal John Lewis is looking for a site lo Glasgow.

Others in the city take the view that the St Enoch scheme is in a better location but that it needs a great deal of work to make it stand up and are doubtful over its funding.

The situation now is that Standard Life, heading the consortium comprising City of London and European Property, and Société des Centres Commerciaux, has an appeal against

CONTINUED ON NEXT PAGE

PROPERTY IN SCOTLAND — 2

Edinburgh gloom begins to lift

By JUDITH HUNTLEY

GLEAMS OF LIGHT could be eppearing in the what has been a gloomy prospect for the office market in Edinburgh, Scotland's political and financial capital. The city has had its share of publicity on the much-vaunted over-supply of offices which it has suffered for several years.

Since the late Seventies large amounts of surplus space have meant limited rental growth with only the best properties performing well. However, things appear to be changing with local pundits on the property scene feeling more optimistic.

In November of last year, Jones Lang Wootton were saying there was still 800,000 sq ft of vacant office spece in Edinburgh. Almost balf of it was in the central aree of the city around George Street, in the West End and the New Town.

The central area space tends to be in Edinburgb's beautiful Georgian buildings, once smart town bouses for the rich. The rest of the space is in large new office blocks just outside the central area or even further out.

The agents said that the volume of lettings in Edinburgh last year was disappointing but considering the state of the economy, not entirely unexpected. They saw an improvement in lettings in the best located smaller buildings with the public sector, formerly a large space user, still active in the market, even though not to the degree It was soma years ago.

Sharp upturn

However, according to the latest report on the market by Kennetb Ryden and Partners, there has been a sharp uplift in the level of inquiries and e sligbt rise in the amount of space let.

They estimate 132,880 sq ft was let in the six months to March this year with another 15,000 sq ft on the cards. They also report a greatly increased number of inquiries over the past few months but these have not all been translated into firm deals as yet.

Rents in Edinburgh are still below those in Glasgow and well below those in Scotland's oil capital, Aberdeen. The top rent achieved in Edinburgh is believed to be in Melville Street at £5.90 a sq ft bot this figure includes parking space. The true rent is probably nearer £5.50 a sq ft with the best situated, small, well refurbished buildings going for about £5 to £5.50 a sq ft.

On the investment side of the market demand seems to be good for refurbished spece in the old attractive buildings with developers paying well for tha chance to carry oot high quality schemes. However, it is only prime properties that are snapped up quickly at yields of 4.5 per cent as in the case of the Melville Street offices which were sold at that level.

Hillier Parker agree that with rents of £5 a sq ft getting to be the norm, institutions see better growth prospects in the city and are prepared to buy well-let, well located good quality space. Investors appear to be taking a less jaundiced view of the market with yields standing at 5 to 5.25 per cent.

Good demand

The agents recently acted for British Telecom in the purchase of the heritable interest in Scottish Equitable's Caledonian House, Canning Street, for which it paid £3m for the 50,000 sq ft building with 65 parking spaces. BT occupies the building at about £240,000 a year. Bernard Thorpe and Partners acted for the vendor.

Edinburgh's first major letting for some time was to a public body in the shape of the Housing Corporation which has taken 15,300 sq ft in Wimpey Property Holdings' 67,000 sq ft Rosebery House, Haymarket. The rent has not been revealed but the developer says talks are under way with another public body to take a further 22,000 sq ft. The Housing Corporation is moving from two other buildings in the city.

The other recent large letting, 11,340 sq ft, was to the private health organisation BUPA, which has leased the major part of North British Properties/Municipal Mntual development, Regent House, at the bottom of Dundas Street.

Other agents with their ear to the ground in the city put the level of enquiries in the market as high as 300,000 sq ft with possible takers, the Lothian Health Board and National Giro. As well as an increased level of interest there has been a slight increase in supply with some major developments nearing completion and due to come on the market shortly.

The 18,873 sq ft General Accident building in Atholl Street, Grosvenor Developments' 22,000 sq ft Sutherland House at the bottom of Dundas Street and Lesser Land's 13,000 sq ft refurbishment at Thistle Street, are among them.

It appears southern-based developers are taking a bullish attitude to the market by purchasing development propositions et prices which reflect confidence in future rental growth.

If confidence In the office market is showing distinct signs of coming out of the doldrums, the demand for high quality flats in the city continues unabeted. So strong is demand in this sector that some major Edinburgh landmarks are being transformed from thair original uses into housing.

The Ritz cineme in Rodney Street, which has been closed for soma time, is to be demolished and a block of 22 flats built on the site. There will be two stndio flats and a block of 22 apartments ranging in price, through agents William O'Neil and Partners, from £18,500 to £30,000.

In the fashionable and elegant New Town, the two botels known as the Craigholm Hotel, Royal Circus, will be converted into flats. The hotels will become high quality homes in the Georgian buildings and will cost £29,500 to £48,500.

Another recent change has been the development of the former Bungy's bar/restaurant into six three-room flats in Fishmarket Close, off the Royal Mile. Prices bere are about £25,000 and the scheme includes a bistro in the basement.

While the residential sector remains buoyant, particularly for homes in the New Town which appeal to tha young and professionals, the retail scene in Edinburgh has been having its problems. Edinburgh's premier shopping street Princes Street, has been having a berd time of late with a high rates burden, a downturn in consumer spending and fewer tourists. However there are signs bere too that the retail sector could be the first to pick up if the economy shows signs of recovering.

Joint venture

Many agents feel that rents in Princes Street are dropping to a realistic level from artificially high levels soma time ago. However, there is no denying that the end result is more shops available and fewer tenants looking to expand.

Princes Street will also be affected by the development of the speciality shopping centre et Waverley Market now underway. Edinburgh council is undertaking the £12m development which is being funded by the two Reed International Pension Funds.

It is a joint venture schema which is due for completion in the spring of next year. It will have 70,000 sq ft of shopping on 3 levels with 50 units round two large courtyards.

The success of the St James Centre continnes with demand for units still good and high premiums being paid for space when it comes on the market. The John Lewis store is a major ettraction there and the store group plans to double the eize of its present store by building an extension.

The future of e major site in Edinburgh will soon be decided when the council picks a successful developer to tackle the Lothian Road site, close to Princes Street. Edinburgh city council asked eight developers to prepare schemes for 250,000 sq ft of shopping and a conference centre at Lothian Road and the list is now down to six.

A shortlist of three may soon be selected as the developers have recently been making presentations to the council on the way they would undertake tha development. Edinburgh council owns most of the five-acre site which takes in the Gleneagle Group's Caledonian Hotel.

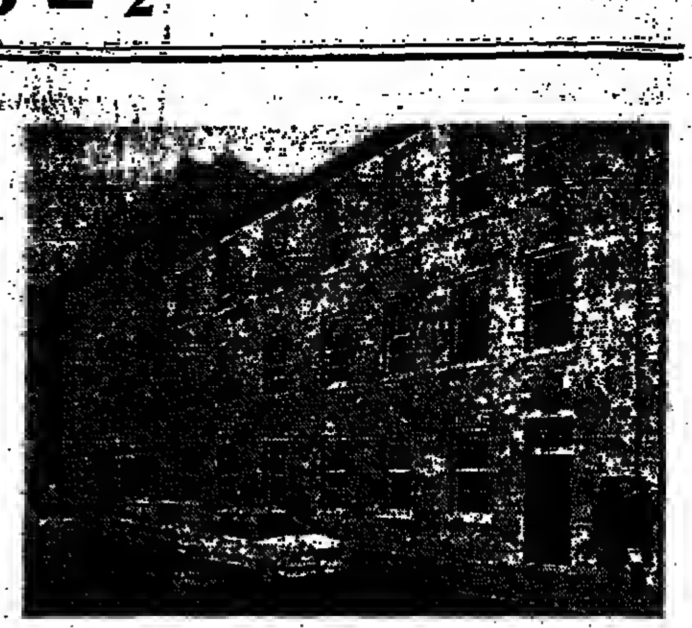
Some tricky design and planning problems have to be overcoma thera but the council hopes to see a major conference centre as part of the deal, which it will run and own. The Gleneagles Group may extend Its hotel and retain its five star status.

The scheme forms part of a larger 13-acre site on which the Sheraton Group plans to build e £13m, 274-bed botel. Work is due to start shortly.

Sheraton's decision to go ahead with its hotel came et the same time that Hilton said it was pulling out of a £41.6m hotel and mixed scheme at Castle Terrace.

All in all things are on the move in Edinburgh with optimistic views about the retail and office markets in Scotland's capital. For investors the fall in the inflation rate, ellied with a drop in interest rates, should give private sector activity a boost which will be reflected in both the development and letting markets. There are signs that this is happening.

Some believe a more stabla economy will emerge in which rent rises will necessarily be less than in recent years forcing yields bigher in the short term. However, developers appear to be showing confidence but are as usual going for prime locations and good quality development.



This listed four-storey building in the centre of Edinburgh's Georgian New Town has been carefully restored to provide a self-contained office unit.

Demand for office space in Glasgow

CONTINUED FROM PREVIOUS PAGE

refusal of planning permission in hand as a holding operation. It is talking with planners about a sligbtly revised and smaller scheme.

Glasgow council backs Standard Life's plans and would be set to make some much needed money from the deal if it goes abead. However, it has come into conflict with Strathclyde Region which backs the rival SDA scheme. It remains to be seen which of the two will materialise and which can get the necessary amount of funding tied up. This will probebly depend on getting e major tenant signed up.

More generally the retail scene in Glasgow is showing signs of picking up with more lettings at the lower end of the market eccording to Kenneth Ryden and Partners. Movement within the market accounts for a great deal of available space as traders move to larger or different premises. Zone A rents in the city are now £65 to £70 e sq ft.

Glasgow looks set to get its version of London's Covent Garden with the conversion of the former Fish Market in Clyde Street into 100 small units for shops, workships, restaurants, offices and craft studios at a cost of £1.5m. The money is being put up by the Prudential (£750,000) and a variety of public funds.

Once completed, the building will be run on a commercial basis by the Briggait Company, newly set up by the Bridgegate Trust and the Pru. The company will finance, develop and manage the scheme which sbould create 300 jobs in the city centre. Units on offar will be about 200 sq ft and it is hoped to have some teedy for occupation by Christmas.

Meanwhile major plans are efoot to transform Glasgow's derelict docklands into thriving commercial and residential areas, in the heart of the city.

Work has started on the site of Glasgow's Queen's Dock in e £36m plan to breathe new life into wbat was once the basis of the city's prosperity and, it is boped, will be again. Scotland's major banks and financial institutions are backing tha plan to build e major Scottisb exhibition centre at Queen's Dock.

The Clydesdale, Royal Bank and the Bank of Scotland aloog with the institutions are putting up £8m towards the cost of the scheme with the Scottish Development Agency, Strathclyde Regional council and Glasgow council funding the rest. The development will include five exhibition halls ranging in size from 10,764 sq ft to 107,640 sq ft with 4,000 parking spaces.

250-bed hotel

It is boped to open et least part of the centre by September 1985 with construction work starting in July this year. In addition to the exhibition centre itself there are plans for a 250-bed botel with room for future expansion if the centre is a commercial success. Talks are now going on with one or two hotel operators and one looks pretty certain to show its interest seriously in the near future. At the moment no names are being mentioned until talks are further along the way.

Across tbe river another disused dock is set for a new lease of life. Clyde Port Anthority is negotiating with a consortium of the country's top bousebuilders over plans to build 1500 private bomes on the 70-acre Prince's Dock. The dock itself is already filled and site investigation works are under way.

Talks with the bousebuilders on the disposal of the land will be dependent on these investigations proving satisfactory and on getting planning permission for the development. The scheme will cost up to £30m, too big for just one developer to take on.

Leech Homes did a feasibility study for the Port Authority which is looking at a variety of ways in which it can capitalise on its asset. It may take e share in any development deal or sell sites freebold. James Barr are the agents for the scheme.

All in all, Glasgow is being rapidly changed from an industrial city to a centre for e healthy office and retail market with major schemes in the pipeline which will add to the city's attractiveness for investors and developers alike.

Judith Huntley is features editor of the Estates Times.

PROPERTY IN SCOTLAND — 3

Oil keeps Aberdeen buoyant

By MARK MEREDITH

OIL-FIRED prosperity prevails in Aberdeen, Britain's centre for servicing North Sea development, despite the feeling in some quarters that the main oil boom has passed.

The Budget's encouragement for oil exploration offshore spells a likely recovery for many of the downstream industries supplying services and equipment to the offshore operators. There will be a consequent demand for new office and industrial space.

But adapting to the highly competitive oil market has brought eccentricities in the property sector — the emergence of short leases, and increasing readiness by companies to press for good property deals rather than take whatever is offered. The presence of the big oil companies has distorted some of the figures in the annual take up of space as they "devour" large amounts of office space.

After a difficult winter and early spring for the industry there is hope of renewed vigour in exploration and development offshore. But the lead time before an oil company takes the final decision to exploit a new well may run into months. It thus takes time before the property sector feels the effect.

Quarterly review

Grampian Regional Council's quarterly economic review examines the outlook for property —as do regular reviews of the Scottish economy by agents Kenneth Ryden. A regular survey of commercial and industrial property is also issued by agents Drivers Jonas in Aberdeen.

In its March review, Drivers Jonas noted that demand for industrial property in the city area had fallen over the previous six months, but annual demand was still stable at about 660,000 sq ft.

The city's industrial estates are dotted around the periphery of the city, which has largely resisted large-scale changes to the central area apart from the harbour.

Much of the new speculative development is around the busy airport. Some of this is in anticipation of the city becoming one of the new freeports tentatively planned for Britain.

Drivers Jonas noted that no new developments in industrial space have been completed since August 1982, and the rise in space available to 850,000 sq ft is due to the supply of second-hand units useful for company expansion.

Most sales and lettings are in the medium-size range of 4,000 to 15,000 sq ft. Asking rents for most units vary between £2.30 to £2.60 per sq ft, but short leases can bring in £3.80 sq ft.

Kenneth Ryden says it is possible to foresee a shortage of industrial space within the city in the medium term as little or no land is available for purchase on existing industrial estates.

In the office property sector the peak has passed for large take-ups by oil operators and soon the equivalent of four years supply of office space will be available on the market.

A total of 76,000 sq ft of space was let from September 1982 to March 1983, which disappointed estate agents while reflecting the general level of inactivity offshore.

Kenneth Ryden notes that most lets have been small units of below 1,500 sq ft and most of these have been on short leases of between five and 10 years.

The regional council quarterly report says that a new operator in the eighth round, Amerada, may be looking for office space in the city as an exploration base.

Drivers Jonas says the take-up shows a clear three year cycle and has fallen from the high of last summer. Some west end rents quoted have reached £8.50 per sq ft.

Aberdeen's skyline from the harbour

Farmland loses lease-back appeal

AGRICULTURAL property in Scotland has been losing some of its attractions recently for the institutional investor. Until the middle of last year the pension funds, and other big buyers, looked to prime farm land as a source of good income.

Lease-backs provided one useful form of investment in this sphere. A small farmer anxious to increase his holding would lease his property to an institution to raise the money for an additional purchase of land.

The institution would gain rent from the property while the farmer would increase his land, at the same time retaining the title to his property.

Two factors have changed this picture in Scotland.

First, the institutions have been finding better profits in equities and other market places.

The other factor is the emergence of individual farmers who have been buying direct and sending up land prices. Their ability to do so follows the reduction in interest rates and improved returns from good crops.

Vacant land prices have increased from a range between £1,800 and £2,000 an acre to the current level of around £2,300 for top-grade arable land in Scotland.

Differences of up to £1,000 have appeared between the value of land for vacant possession and let land.

The low level of activity in investment has left a number of last year's buyers anxious to sell off their property on the open market rather than move into lease-backs, according to a survey carried out by Savill, the estates agency.

The Savill survey, carried out with land economists Roger Tym and Partners, estimated that in Scotland institutions own about 2.1 per cent of the 4,144,408 acreage in crops and grass—about 86,750 acres.

Several factors are now making investment in forest property more interesting.

- The Forestry Commission, the main woodland landlord, is selling £82m of its property to the private sector over the next three years.
- The private sector woodland, cut extensively for use in the war years, is now reaching maturity for marketing.
- Financial institutions have taken a more active interest in forests as a long term investment.
- Private individuals have shown a liking for small purchases of forest property.

The fact that Britain still imports 92 per cent of its timber is reason enough for a campaign to make better use of the country's wood resource.

Last November a 15-year development programme was published for the 857,000 hectares of productive softwood forests in Scotland—an area 30 per cent larger than the woods of England and Wales together, most of the wood is spruce. The acreage is growing about 22,000 hectares a year with an active planting programme by both the public sector represented by the Forestry Commission and private timber growers.

A development programme was drawn up by consultants Arthur D. Little for the Scottish Development Agency, the Highlands and Islands Development Board, the Forestry Commission, Timbers Growers (Scotland) representing private growers, and the Scottish Economic Planning Department.

The thrust of the programme was to develop the downstream industries of sawmills, panel and board production and pulp and paper to encourage better wood use.

80% increase

Timber consumption, the Arthur D. Little report concluded, would increase 80 per cent by the end of the year.

This growth, plus sales in Forestry Commission property are going to make the market active this coming year.

The Government requirement that the Forestry Commission reduce its £40m grant in aid through sales of its forest land has led to the Commission planning a total sale of £82m in land by 1986.

The Commission owns about 60 per cent of the woodland throughout the UK. This proportion applies to Scotland as well with 340,000 hectares of the 857,000 hectares held by private landowners.

About £18.9m, or 9,483 hectares throughout Britain has been sold since July 1981 and at present 41,000 hectares with a market value of about £29m is on the market.

Land agents say that the size of the Commission holdings and the scope of their sales will tend to push forestry prices down for the foreseeable future.

The bare land is attractive to some investors in the high tax bracket as tax concessions for planting can be claimed, according to Angus Crow of surveyors John Clegg.

Financial institutions have shown growing interest in woodland for its long-term investments—it takes 30 years for a woodland to reach full maturity.

Woodland between 15 and 18 years old accounts for the largest proportion of the property market—this is wood usable for chipboard or pulp industries.

Agents have noticed that small tracts of forest have become more attractive to the small investor seeking either long-term capital growth for his money or a wood area for recreation or holiday use.

Mark Meredith

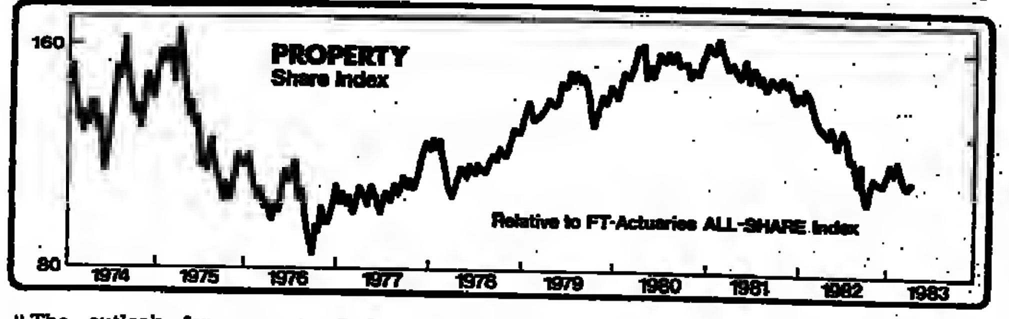
Logging in Solway Forest, Dumfries

THE PROPERTY MARKET

BY ANDREW TAYLOR

SHARE PRICES

Stockbrokers scent modest recovery



STOCKBROKERS are beginning to scent the possibility of a modest recovery in the commercial property sector which they believe could be under way by the end of this yeer regardless of the election outcome.

"It could be a heads I win, tails you lose election for property," says Peter Hardy of Rowe and Pitman, "provided a Labour governmeot did not try to introduce rent controls."

"A Conservative victory will boost business confidence, while demand for property should rise as companies expand in expectation of further improvements in consumer demand," says Naresh Gudka of Scrimgeour Kemp-Gee.

"Ironically a Labour victory might provide an even stronger boost to the property sector. Traditionally Labour has been antagonistic to the idea of 'property exploitation' but its efforts to restrict the profits of property developers have often had the opposite effect to the one desired," says Mr Gudka.

Scrimgeour says that even a hung parliament with a strong Alliance influence could still benefit the property sector with the Alliance likely to pursue a policy of modest reflation.

Analysis at Scrimgeour, Rowe and Pitmao and Vickers da Costa believe that a fragile recovery may already be under way in the commercial property market. This might be curtailed until after the general election but could oot be postponed indefinitely unless there were a dramatic change in Government policies.

"Tbe outlook for property has certainly taken a turn for the better since Christmas," says Naresh Gudka. "Demand has increased, lettings are better and in some key areas of the market there bas been a very slight bardening of rents.

"There is always tbe danger of wishful thinking, misinterpreting a normal seasonal pick-up as something more lasting. This time, however, the improvement has been stronger and is continuing," says Gudka.

Gordon Ireland of stockbrokers Vickers da Costa says the pace at which the country's stock of empty offices and industrial premises bas been growing has slackened considerably since last antumn—a fact which he expects to be confirmed with the publication today of King and Co's latest industrial space survey.

"The General Election may mean that some investment decisions will be deferred but I would expect to see more positive signs of recovery in the property market by the end of the summer," says Mr Ireland, "I think there is no doubt that the market is over the worst."

Peter Hardy of Rowe and Pitman says: "If the economic recession bottomed out in October and November, as many now believe, then it would be logical to expect increased demand for industrial and commercial accommodetion to start feeding through by the end of this year, certainly by the first quarter of 1984. I would expect property sbare prices to reflect this improvement somewhat before then."

Property share prices, relative to other stock market sectors, reached their lowest point for five years last November when the property share index relative to the FT all-share index stood at 100. The index is now poised around the 108 mark having reached 113.5 in February still some way off its best.

Gareth Evans of Scrimgeour says: "A number of factors have swung back in favour of property as an investment medium. A elight rise in prime property yields has coincided with a sharper decline in gilt yields which has helped investment comparisons.

"For example a prime office investment yielding 4.5 per cent at the end of 1981 would have needed to achieve rental growth of at least 12 per cent a year to match a redemption yield of 15.6 per cent on a 25-year high coupon gilt. Today the same office would only need to achieve rental growth of around 6 per cent a year to match the comparable return on gilts."

Patrick Galvin at De Zoete and Bevan, however, is less optimistic. He says institutions are stil fighting shy of making new investments, discouraged by oversupplies of space in the office and industrial sectors.

He disagrees with his colleagues that the sector might be overdue a rerating and while be doesn't expect to see any further fall in the sector's rating he does not forsee any great improvement.

Greycoat progress

HARD on the amounced departure of Stuart Lipton from executive office, the Greycoat City Offices show goes on with a useful letting — and a funding in an area where Mr Lipton is still involved in a consultative capacity.

In Mayfair, the recently modernised 65 Brook Street has been let to the Arabian Investment Corporation — over £18 per sq ft for just under 10,000 sq ft net — via letting agents Jones Lang Wootton and Anthony Lipton.

In New York, Greycoat and its U.S. partner, Hanover Real Estate, have got together with a leading UK pension fund — rumoured to be Mars UK — to complete the purchase of 1180 Avenue of the Americas.

Including refurbishment, total cost of the project is around $55m. Greycoat had already secured a medium term loan of some $32m from a New York banking consortium and an existing mortgage acquired with the property took the total up to $40m.

Deadlock broken at Snow Hill

YEARS of wrangling over the prime Snow Hill station site in Birmingham have ended with much bonhomie and the start of work by Viking Properties on a £25m development in which Sun Alliance bas played a leading role.

The station was last used by British Rail 11 years ago. During that period countless proposals, objections and variations were put forward, with an embarrassing failure to rid the city of an eye-sore.

City Wall Properties was the first developer to be involved but dropped ont after changes in office merket conditions caused problems, and a plan for Tesco to take the ground floor as retail space also foundered.

Viking Property of Derby, headed by Mr Brian Ashby, was appointed as developer four years ago and has managed to bring the five parties involved into agreement—but not without despair on occasions, he admits.

The complications arose mainly through the key position of the site and consequent design considerations, the joint ownership of the land by BR and Birmingham City Council and early proposals to build a large single block which would have involved a heavy commitment by a single funding institution.

The deadlock was finally broken, according to Viking, after the involvement of Sun Alliance which is funding the first two separate blocks in the development, to be called Colmore Court, for its own use as new regional offices.

This part of the project, amounting to 66,000 sq ft will be completed by the middle of next year and lease terms have been agreed with accountants Arthur Young McLelland Moores for occupation of the second stage of Colmore Court containing 40,000 sq ft of space.

Voking is also confident that funding for completion of the development will be made available soon and hopes to go ahead with the remaining 77,000 sq ft block of air conditoned offices well before the completion of the first buildings.

Mr Geoffrey Anderson, managing director of Viking, said: "it is not surprising that this was a difficult project, since we had five parties whose objectives had to be met, but Sun Alliance acted as a catalyst by requiring an occupation date."

An additional problem was the need for a railway station to be incorporated into the design since the West Midlands Passenger Transport Executive has plans to run suburban trains through the site. Work on this is expected to start next year.

British Rail Property Board, for its part, is relieved to see the end of negotiations on one of its prime properties, although it points oot that the income it derives from car parking and other short term activities on these sites is often larger than ground rents.

The Council, which owns one-fifth of the land against BR's four-fifths, is equally pleased with the prospect of e prestigious new development in the city centre—the second in two weeks, since plans for the completion of Paradise Circus has also been finalised.

Although terms of the letting to Arthur Young have not been disclosed, Colmore Court is expected to generate rents approaching £10 a sq ft.

LORNE BARLING

LONDON SHOP PROPERTY, advised by Knight and Co, has bought the freehold of Six Acre Centre, Sale, Cheshire, from the Prudential Assurance Company for over £4m in cash.

The deal can be seen as a tidying up operation for the "Pru," which only had a partial interest in a phased, and mixed development of 56 shop units (including large stores let to Boots, W. H. Smith and MFI) and nearly 60,000 sq ft of offices.

For London Shop, the deal should produce a 9 to 10 per cent return—higher than initially expected for the £10m of 12½ per cent Mortgage Debenture money it raised last December—and a boost for the revaluation which is due next month.

● Fulham Power Station has been sold by the CEGB to London and York Property Investment for over £1½m. Agents Richard Ellis and Stuart Newiss will be joint development and letting consultants for a redevelopment scheme involving the demolishment of the existing, 318 ft high building, to be replaced by up to 200,000 sq ft of warehouse/industrial space.

● Proponents of a letting recovery in Central London will be sustained by Town & City's progress at 125 Shaftesbury Avenue. Close on the letting of 81,000 sq ft of the 145,000 sq ft total to British Telecom, Foster Wheeler Petroleum Development has virtually doubled its accommodation in the building by leasing the 20,000 sq ft second floor through joint letting agents Moss & Partners and Healey & Baker.

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

Abbey Unit Tst. Mngrs. (a)
1-3 St Paul's Churchyard EC4P 4DX 01-236 1833

High Income				
Gilts & Fixed Int	114.6	120.6		10.38
High Inc Equity	48.2	51.8	+0.1	7.22
Capital Growth				
American Growth	98.8	106.2	-0.4	1.65
Assets & Ernqs. Tt.	50.7	54.8	-0.1	2.74
Commodity & Engy.	73.5	79.0	+0.1	2.22
General	81.8	85.9	-0.4	3.17
Japan	81.2	87.3	-0.7	0.29
UK Growth	48.9	52.9	+0.1	3.69
Acc. Units	67.2	72.6	-6.2	3.69
Worldwide Bond	131.1	141.7	-0.3	3.88
Equitas Prog	113.3	122.5	-0.1	3.51

Aitken Hume
1, Worship St., EC2 01-628 6626

American Tech Fd	155.0	166.7	-2.1	0.20
Inc & Grth Fd	31.1	33.4	-0.1	6.70
Pacific Fd	110.6	118.8		2.20
Secure Income Fd	94.9	102.0		8.00
Special Sits	154.3	165.8	+0.3	2.30
Energy Fd	181.4	195.0	+0.9	2.10
Exempt Fd	384.6	413.4		4.07
Small Co's Fd	267.1	287.1		2.80
Aitken Hume Ltd. Deposit Rates				
Treasury Acct*	Apr	10.66		10.25
Mnthly Income Acct*	Apr	10.74		10.25

*Not Authorised U.T.—Bank Deposit.

Allied Hambro Ltd. (z) (g)
Hambro Hse., Hutton, Brentwood, Essex.
Brentwood (0277) 211459 & 229123

Balanced Funds				
Allied 1st	111.4	119.2		4.98
Brit. Inds. Fund	101.8	108.9	-0.1	4.78
Growth & Income	74.6	79.8	-0.2	3.41
Allied Capital	149.1	159.5	-0.6	1.76

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Britannia Gp. of Unit Trusts Ltd. (a)(c)(g)
Salisbury House, 31, Finsbury Circus, London EC2
01-638 0478/0479 or 01-588 2777
Britannia Viewpoint 01-673 0048

UK Specialist Funds				
Assets	139.0	150.7	+0.5	4.03
Recovery	52.8	56.9		3.09
Smaller Cos.	77.5	83.6	-0.3	2.30
Spec. Mkt. Sits.	69.9	75.4	+0.6	1.44
UK Blue Chip	49.1	52.9	-0.1	3.25
High Income Funds				
Nat. High Inc.	96.0	103.5	-0.7	7.03
Extra Inc.	41.5	44.7	+0.1	8.85
Inc & Growth	101.7	109.6		5.97
Gilt	27.1	28.5		9.29
Pref. Shares	19.1	20.6		10.43
Sector Specialist Funds				
Commodity Shares	145.8	157.2	-1.2	1.68
Financial Secs.	139.4	150.3	-0.6	3.18
Gold & General	325.2	353.5	-1.4	2.77
Inv. Tst. Shares	81.2	87.5		1.86
Prop. Shares	25.5	27.5	-0.1	2.42
Univ. Energy	55.0	59.3	+0.2	1.68
World Tech	47.9	51.6	-0.4	0.43
Overseas Funds				
American Growth	68.9	74.3	-0.3	1.73
Am. Smaller Cos.	117.2	126.4	-0.6	0.31
Am. Spec. Sits	67.5	72.8	-0.7	1.63
Australian Growth	55.2	59.5	+0.2	1.89
Far East	36.4	39.2	-0.2	1.44
Hong Kg. Performnce.	18.8	20.3	+0.1	3.95
Intl. Growth	98.1	105.7	-0.5	1.33
Japan Perf. Tst.	116.1	125.2	-1.4	0.00
General Funds				
Capital Acc.	102.7	118.7	-0.7	2.99
Comm & Ind	78.1	84.2	-0.3	2.29
Domestic	65.8	70.9	-0.3	3.53
Growth	140.5	151.5	-1.1	1.62
Shield	70.1	75.4	-0.1	3.32
Exempt Funds				
Exempt	218.3	231.0	+0.4	5.70
Ex. Mk. Ldrs.	45.7	48.4	-0.1	3.69

Brown Shipley & Co. Ltd. (a)(g)
Harlands Hse., Haywards H'th, Sx.

[illegible]

FT UNIT TRUST INFORMATION SERVICE

Authorised Units—continued

[illegible]

Offshore and Overseas—continued

[illegible]

Insurances—continued

[illegible]

LONDON TRADED OPTIONS

Option	Calls July	Calls Oct.	Calls Jan.	Puts July	Puts Oct.	Puts Jan.
Brit. Petroleum (*370)						
300	74	82	—	8	2	—
330	54	60	—	4	8	—
360	30	38	52	11	18	20
390	16	24	32	02	20	40
420	7	14	—	53	50	—
Cons. Goldfields (*554)						
420	147	—	—	2	—	—
460	107	124	—	4	8	—
500	74	87	94	9	20	27
550	40	57	07	27	40	50
600	10	02	—	55	—	—
Courtaulds (*97)						
70	01	03	—	1	2	—
82	21	22	25	1½	2	4
90	14	10	18	0	5	7
100	7½	12	12	2	11	13
Commercial Union (*163)						
120	48	51	—	1½	1½	—
130	38	41	—	2	0	—
240	29	34	27	2	5	9
160	10	20	24	8	10	15
G.E.C. (*210)						
180	48	54	—	0	7	—
200	30	08	—	7	12	—
220	20	28	34	17	21	20
240	9	15	22	26	32	36
260	0	—	—	44	—	—
Grand Met. (*325)						
280	85	—	—	4	—	—
300	00	42	51	8	11	15
330	17	24	32	37	21	35
360	9	10	23	07	32	40
390	4	8	—	66	67	—
I.C.I. (*446)						
330	124	—	—	3	—	—
360	94	98	—	0	4	—
390	65	72	—	5	8	—
420	42	22	60	12	18	22
460	20	80	38	26	36	48
500	9	16	24	58	64	68
Land Securities (*304)						
260	46	55	—	2	—	—
280	25	00	—	5	11	—
300	16	22	31	14	17	22
330	4	14	21	32	40	44
Marks & Spencer (*199)						
180	25	33	—	5	8	—
200	10	24	08	8	18	18
220	8	15	21	24	26	28
240	3	—	—	43	—	—
Shell Transport (*482)						
390	102	108	—	2	3	—
420	72	80	—	3	10	—
460	36	48	54	9	18	24
500	20	28	36	28	32	44
550	7	14	—	73	78	—

Option	Calls May	Calls Aug.	Calls Nov.	Puts May	Puts Aug.	Puts Nov.
Barclays Bank (*460)						
360	128	112	—	2	2	—
390	72	82	—	8	3	—
420	42	62	75	2	7	12
460	8	36	53	7	23	32
500	2	15	27	43	46	60
Imperial Group (*110)						
90	22	—	—	0½	—	—
100	12	—	—	1	—	—
110	0	12	13	3	7	8
120	1½	0	8	10	15	10
130	1	3	4½	20	21	22
LASMO (*286)						
250	08	75	85	1	4	7
252	48	60	70	1½	10	16
270	20	40	60	5	18	25
290	8	37	—	10	30	—
300	—	—	40	—	—	40
320	2	20	—	30	47	—
330	—	—	28	—	—	58
360	1½	—	—	—	—	—
380	2	—	—	—	—	—
Lonrho (*89)						
80	10	14	10	1	2	3
90	2½	8½	9½	0	0	7½
100	0¼	4½	6½	12	13	16
P. & O. (*149)						
100	52	07	—	1	1	—
110	40	47	—	1	8	—
120	02	37	40	1	2	2
130	20	27	30	1	3	0
140	12	21	22	1	0	11
160	2¼	10	15	12	20	24
Racal (*469)						
422	57	72	82	0	2	14
460	20	42	60	8	25	32
500	4	25	34	34	45	52
550	2	12	—	82	85	—
600	2	2	—	132	135	—
650	2	—	—	182	—	—
R.T.Z. (*579)						
390	192	—	—	2½	—	—
420	102	177	—	0½	—	—
460	122	107	—	0½	3	—
500	82	100	116	2	7	14
550	52	66	75	0	17	32
600	0	05	50	27	44	58
Vaal Reefs (*$126)						
80	—	—	—	2	—	—
92	05½	50½	09½	1	1	2½
100	25½	27½	32½	1	2	5½
112	15½	22	26½	0¼	2	8
122	6	17	22½	1½	2½	11½
132	1	11½	12½	6½	15	10
140	1	6½	11	—	—	—

Option	Calls June	Calls Sept.	Calls Dec.	Puts June	Puts Sept.	Puts Dec.
Beecham (*270)						
360	28	38	48	9	16	28
390	15	25	35	28	26	38
422	5	12	22	52	56	60
Guest Keen (*153)						
135	20	87	23	2	5	2
155	2	12	18	10	12	16
175	3	7	11	25	82	22

Total Contracts 1,548 Calls 822 Puts 677
* Underlying security price.

INSURANCE & OVERSEAS MANAGED FUNDS

Barclays Life Assur. Co. Ltd.—contd.

Income Accum	105.8	111.4	+0.2	—
Do Initial	104.1	109.6	+0.2	—
Man. Pens. Accum	232.3	244.6		—
Do Initial	195.0	205.3		—
Gilt Edg Pens. Accum	200.9	211.5	—	—
Do Initial	162.4	171.0		—
Money Pens. Accum	179.2	188.7		—
Do Initial	146.7	154.5		—

Black Horse Life Ass. Co. Ltd.
71 Lombard St., EC3 01-623 1288

Black Horse Man. Fd.		227.89	—	—
Managed Inv. Fd	154.39	162.52		—
Property Fd	148.25	156.04		—
Fixed Interest Fd	140.65	148.06		—
Cash Fd	133.37	140.39		—
Income Fd.	159.68	168.09		—
Extra Income Fd.	154.82	162.97		—
Worldwide Growth Fd.	212.89	224.10		—
Balanced Fd.	168.11	176.96		—
Smlr Co's & Recy. Fd	197.96	208.38		—
Int. Technology Fd	243.52	256.34		—
Nth Amer. & Gen. Fd.	158.05	166.37		—
Energy Int. Fd	94.12	99.08		—
Pacific Basin Fund	123.39	129.89		—

British National Life Assurance Co. Ltd.
Harlands Rd, Haywards Heath. 0444 414111

Equity	97.6	102.7		—
International	113.2	119.1		—
Property	104.3	109.8		—
Deposit	96.9	102.0		—
Fixed Interest	96.6	101.7		—
Managed	103.5	108.9		—
Equity Pens Cap.	96.9	102.0		—
Intnl. Pens. Cap.	116.7	122.8		—
Property Pens Cap.	105.3	110.8		—
Deposit Pens Cap	96.1	101.2		—
Fixed Int Pens Cap.	95.7	100.7		—
Managed Pens Cap.	104.7	110.3		—

Canada Life Group
2-6, High St., Potters Bar, Herts. P. Bar 51122

Equity Gen May 1		93.6		—
Rmt. Fed. May 6		233.0		—
Managed Pen Fund	177.2	186.5		—
Property Pen Fund	110.2	116.0		—
Index Lnkd Pen Fund	119.1	125.4		—
Managed	114.0	120.0	+0.3	—

G.T. Management Ltd.
16 Finsbury Circus, Lond. EC2M 7DJ 01-628 8131

G.T. Plan Bond Fund	122.4	128.9	-0.1	—
GT Pln High Yld Fnd	112.7	118.7		—
GT Plan Far East Fnd	99.8	105.1		—
GT Pln N Am Fund	153.1	161.2	-1.7	—
GT Pln UK&G.E. Fnd	127.9	134.7		—
GT Pln Wrldwde Fnd.	135.1	142.3		—
GT Pension Bnd Fnd.	131.5	138.5	-0.2	—
GT Pen High Yld Fd	127.3	134.1		—
GT Pen Far East Fd.	115.9	122.0		—
GT Pen N. Am. Fd.	220.5	232.2		—
GT Pen UK & G E. Fd.	146.3	154.0		—
GT Pen Worldwide Fd.	144.4	152.1		—

Assicurazioni GENERALI S.p.A.
117, Fenchurch St., EC3M 5DY. 01-488 0735

Intl. Managed Bond	162.3	170.9		—

General Portfolio Life Ins. C. Ltd.
Crossbrook St., Cheshunt, Herts. Waltham X 31971

Portfolio Fd. Acc.		240.5		—
Portfolio Fd. Init.		202.8		—
Portfolio Fd. Cap.		231.9		—
Investment & uts	240.4	253.0		—

Growth & Sec. Life Ass. Soc. Ltd.
48, London Fruit Exchange, E1 6EU 01-377 1122

Flexible Finance		1,468		—
Landbank Secs.		65.2		—
Landbank Scs. Acc.	100.2	104.8		—
C. & S. Super Fd.		£11.069		—

Guardian Royal Exchange
Royal Exchange, E.C.3. 01-283 7101
Guardian Assurance

Property Bonds	299.9	312.3		—

GRE Linked Assurance Limited

Managed Initial	197.9	208.4	+2.0	—
Do. Accum.	217.6	229.1	+2.2	—
Equity Initial	244.9	257.9	+0.7	—
Do Accum	264.2	278.4	+0.8	—
Fixed Int. Initial	186.2	196.0	+0.2	—
Do. Accum.	204.7	215.5	+0.2	—
International Initial	202.8	213.5	+1.2	—
Do. Accum.	222.9	234.7	+1.3	—

OFFSHORE AND OVERSEAS

Wren Commodity Management Ltd.
10, St. George's St., Douglas IoM 0624 25015

Wren Com. Fund	36.4	37.9	+2.1	3.10
Chinese Fund	73.2	76.2		1.70
Precious Metal Fund.	136.8	142.3	+10.5	0.30
Vanguard Cmdy. Fd.	43.7	44.8	+1.3	2.26
Financial Futures Fd	128.5	133.8		—
Wren Intl. Fnd *	$0.917	0.954		—

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. Z Previous day's price. ¶ Guernsey gross. # Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. § Yield column shows annualised rate of NAV increase.

INTERNATIONAL CAPITAL MARKETS

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which is published monthly. The following are closing prices for May 12.

U.S. DOLLAR STRAIGHTS · DEUTSCHE MARK STRAIGHTS · SWISS FRANC STRAIGHTS · YEN STRAIGHTS · OTHER STRAIGHTS · FLOATING RATE NOTES · CONVERTIBLE BONDS

[illegible]

* No information available—previous day's price.

† Only one market maker supplied a price.

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WEEKLY U.S. BOND YIELDS (%)

	May 11	May 4	1982–83 High	1982–83 Low
Composite Corp. AAA	10.88	10.82	14.80	10.82
Composite Corp. AA	10.85	10.78	15.26	10.78
Governments:				
Long-term	10.24	10.18	14.02	10.18
Intermediate	9.89	9.83	14.24	9.83
Short-term	9.25	9.21	14.52	9.21
Municipal	n/a	8.77	12.82	8.72
Industrials AAA	10.58	10.51	14.49	10.51
Industrials AA	10.74	10.72	14.79	10.72
Utilities AAA	10.79	10.73	15.27	10.73
Utilities AA	10.86	10.85	15.69	10.85
Preferred Stocks	10.62	10.59	13.35	10.59

Source: Standard & Poor's

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

"RIGHTS" OFFERS

[illegible]

Samurai bond for Austria

By Mary Ann Sieghart

ÖSTERREICHISCHE Kontrollbank is raising Y20bn through a Samurai bond – an issue from a foreign borrower in the Japanese domestic market.

Led by Nomura Securities, the 10-year bond carries a coupon of 8 per cent at a price of par. It has an average life of nine years.

Activity in the Eurodollar sector was muted yesterday, with Continental markets closed for Ascension Day and an initial half-point fall in prices in the New York bond market. Prices in the secondary market closed unchanged.

● The Danish Export Finance Corporation is to borrow Y10bn ($43m) from a syndicate of 15 banks and insurance companies.

Lead manager is Mitsui Trust and Banking. The 10-year loan carries a fixed rate of 0.3 per cent above Japanese long-term prime rate, currently 8.4 per cent.

North American quarterly results

AIR CANADA

First quarter	1983 C$	1982 C$
Revenue	526.7m	534.1m
Net profits	†15.1m	†27m
Net per share	—	—

† Loss

CAPITOL AIR

Year	1982 $	1981 $
Revenue	264.9m	182.9m
Net profits	†21.2m	2m
Net per share	†5.05	0.54

† Loss

GATES LEARJET

First quarter	1983 $	1982 $
Revenue	66m	142.9m
Net profits	†1.7m	†1.1m
Net per share	†0.15	†0.09

† Loss

INTERNATIONAL APPOINTMENTS

New chief manager at NatWest Bahrain

● Mr Bernard Sparrow has been appointed chief manager at NATIONAL WESTMINSTER BANK'S Bahrain branch. He succeeds Mr R. C. Mitchell-Heggs who will shortly be completing his tour of duty. Mr Sparrow was senior regional manager with responsibility for Africa and the Middle East, based in London.

● Mr William H. Waltrip, president and chief operating officer of PUROLATOR INC, has been designated chief executive officer. He will retain the title of president and Mr Frederick H. Cook will continue as chairman of the board. The title of chief oporating officer has been dropped, but the responsibilities will continue to be handled by Mr Waltrip.

● Mr René Mitieus has been appointed executive vice-president of SCHLUMBERGER, of New York, and manager of the measurement and control group. He replaces Mr Bernard Alpaerts who is retiring. Mr Mitieus was previously president of Enertec, a division of Schlumberger's European measurement and control operations.

● AMERICAN MEDICAL INTERNATIONAL has appointed five vice-presidents. Promoted to vice-presidents are Mr Robert Antin, Mr Andrew Gardner, Ms Linda S. Huff, Mr James C. Novell and Mr Clifford D. Stewart. Mr Antin is president of AMI's Ambulatory Centres. Mr Gardner, as director of engineering services, is repsonsible for the ongoing maintenance of tho company's domestic and international hospitals, including all diagnostic equipmont.

● Mr Lawrence J. Brainard has been promoted to senior vice-president of BANKERS TRUST CO, New York. Mr Brainard is senior international economist and head of international economic and political analysis ot Bankers Trust. He is responsible for the bank's country risk assessment system, and is chairman of the country risk committee meetings.

Ms Huff is a director of shareholder relations.

Mr Novell is director of the Southwest Region and Mr Stewart is president of AMI's Stewart Design Group subsidiary.

● Mr Edward J. Stark has been named corporate secretary of AMERICAN SECURITY CORP and cashier of American Security Bank. He is a vice-president of both organisations.

● CHEMICAL BANK has elected its two senior officers in Europe to executive vice-president. Mr William B. Harrison Jr, currently division head for Europe in London, is to move to New York next month to head the U.S. corporate division. Mr Barry T. Linsley remains in London, as treasury head for Europe and the Middle East. Mr Harrison's successor in London will be Mr Peter A. Alexander, senior vice-president, currently head of Chemical's U.S. Multinationals division in New York. Also in London, two further senior vice-presidents have been announced, Mr L. Charles Llewellyn, country manager for the UK, Ireland and Scandinavia, and Mr John Astbury, head of UK treasury.

● Consolidation of all HARNISCHFEGER parts departments into o new single corporate parts operation is being made. Elected to head the new operation is Mr James Kaufman, who will become vice-president — service parts. Mr Kaufman will direct the parts activities of the construction equipment, mining and electrical equipment, and material handling equipment and systems divisions — tho three major product sectors of Harnischfeger. Mr Kaofman was vice-president of corporate operations support with responsibility for improvement programmes related to quality, productivity, purchasing and traffic.

● Mr Robert H. B. Baldwin, chairman and managing director of Morgan Stanley Inc, has been elected to the hoard of WALT DISNEY PRODUCTIONS.

Mr Baldwin joined Morgan Stanley & Co in 1946 and served as president and managing director from 1973 to 1982 when he assumed his current position.

SECTION III – INTERNATIONAL MARKETS
FINANCIAL TIMES
Friday May 13 1983

U.S. suspends farm export lending, Page 39

WALL STREET

A passing cloud of pessimism

A CLOUD passed over Wall Street yesterday, obscuring for a while the market's bright view of interest rate prospects, *writes Terry Bylond in New York.*

An unexpectedly sharp rise in retail spending over the past two months, disclosed by the Commerce Department, raised the old doubts as to whether overheating in the economy might force interest rates up again.

For most of the day, the Dow Jones Industrial Average struggled to regain ground lost in the morning, but by the close was still down 5.32 at 1,214.40.

Investors backed away from the credit markets ahead of the announcement of M2 money supply statistics, a key factor in Federal Reserve Board policies.

In the meantime, hopes of a cut in the Federal discount rate receded by mid-session, yields on Treasury bills were nine basis points or so higher than overnight and bond prices were slipping lower.

The equity market remained preoccupied with its mild bout of profit-taking which was centred on particular blue chip issues rather than spread over the market as a whole.

Oil shares, still benefiting from this week's recommendation by a major brokerage house, tried to extend the gains of the previous session. Gulf Oil held a $⅛ gain at $35⅜ but Exxon, which is to buy in three bond issues, shed $⅜ to $34¼ and Mobil at $31 had lost $¼.

Monsanto suffered further selling, putting the shares $1⅜ down at $84¾ on continued investment unease after comment from brokerage houses on the pending Agent Orange suits.

Rejection by the shareholders of the stock conversion plan left Massey-Ferguson $½ off at $5⅞.

Reports that Chrysler would shelve its request that the U.S. Government forgo its right to buy shares well below market value trimmed the share price by $⅝ to $25¼.

American Motors fell sharply again, losing $⅜ to $9¾. Ford Motor shed $¼ to $49⅝ and General Motors at $68 lost $⅜.

In a weak computer and technology sector, IBM did well to shed only $¼ to $114¼. Data General, still hurting from the board's forecast, fell a further $1⅜ to $57¾.

Domestic fare cutting at Pan American helped the shares gain $⅛ to $6¾. Eastern also edged up to $8¼. But Trans World fell $⅝ to $32⅜ after the stockholders rejected plans to break up the group.

In the credit markets, Congressional approval for an increase in the Treasury debt ceiling had been widely expected and brought no further change in prices. But a weak opening in the Treasury bill sector was confirmed by a rise in the Federal funds rate from its opening level of 8⅝ per cent to 8½ per cent.

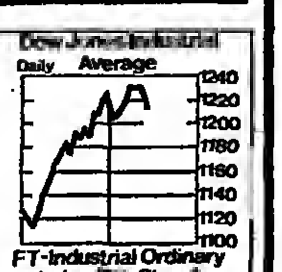
Three-month Treasury bills were at a discount of 8.02 per cent, compared with 7.95 per cent overnight, with the six-month at 8.09 per cent against 7.95 per cent.

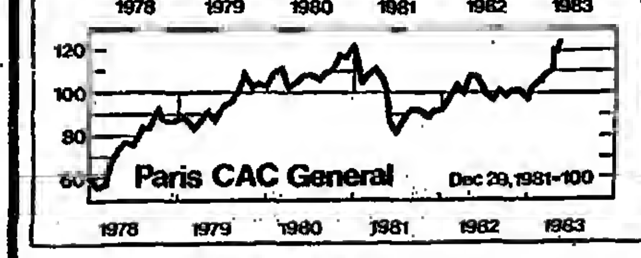
The benchmark long bond, the 10⅜ per cent of 2012, fell back through the 100 level at one time but rallied to close at 100, a fall of 13/32 on overnight.

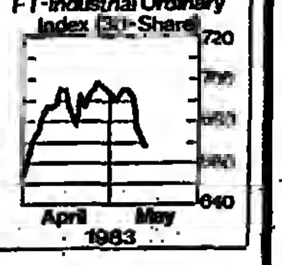
In the municipal sector, prices tended to shed ½ point or so in line with the Government bond prices. The chief feature was the pricing of a $100m San Antonio gas and electric issue to yield 8.85 per cent.

Canadian stock prices were generally lower. Toronto oil and gas issues were off, as were golds, metals, properties and constructions. Prices in Montreal also declined but not as sharply as Toronto.

KEY MARKET MONITORS







STOCK MARKET INDICES

NEW YORK	May 12	Previous	Year ago
DJ Industrials	1,214.40	1219.72	865.77
DJ Transport	543.92	547.55	350.7
DJ Utilities	129.11	128.55	118.75
S&P Composite	164.25	164.96	119.17
LONDON			
FT Ind Ord	668.8	672.6	585.2
FT-A All-share	417.74	419.34	335.87
FT-A 500	452.21	454.07	365.91
FT-A Ind	417.28	419.49	332.52
FT Gold mines	678.1	680.5	231.8
FT Govt secs	81.04	81.15	69.21
TOKYO			
Nikkei-Dow	8653.9	8691.58	7539.78
Tokyo SE	631.4	634.07	557.04
AUSTRALIA			
All Ord.	619.4	618.8	525.3
Metals & Mins.	555.7	559.8	395.6
AUSTRIA			
Credit Aktien	closed	56.66	52.48
BELGIUM			
Belgian SE	closed	122.59	94.68
CANADA			
Toronto Composite	2,432.1	2451.72	1585.9
Montreal Industrials	417.77	419.31	292.57
Combined	403.99	405.89	274.06
DENMARK			
Copenhagen SE	closed	144.3	93.62
FRANCE			
CAC Gen	closed	125.3	111.6
Ind. Tendance	closed	129.9	124.8
WEST GERMANY			
FAZ-Aktien	closed	811.19	231.05
Commerzbank	closed	931.7	704.5
HONG KONG			
Hang Seng	952.98	943.02	1387.35
ITALY			
Banca Comm.	191.27	191.19	185.5
NETHERLANDS			
ANP-CBS Gen	closed	127.7	94.7
ANP-CBS Ind	closed	106.2	74.8
NORWAY			
Oslo SE	closed	191.06	109.47
SINGAPORE			
Straits Times	960.13	959.42	778.83
SOUTH AFRICA			
Golds	closed	975.0	412.9
Industrials	closed	929.3	592.0
SPAIN			
Madrid SE	115.56	118.0	123.76
SWEDEN			
J & P	closed	1506.77	583.69
SWITZERLAND			
Swiss Bank Corp	closed	327.7	260.2
WORLD	May 11	Prev	Yr ago
Capital Int'l	179.1	179.1	140.8

GOLD (per ounce)

	May 12	Prev
London	$439.50	$443.75
Frankfurt	closed	$442.50
Zurich	closed	$443.50
Paris (fixing)	closed	$442.51
New York (May)	$438.70	$443.90

* Indicates latest pre-close figure

CURRENCIES

	U.S. DOLLAR May 12	U.S. DOLLAR Previous	STERLING May 12	STERLING Previous
£	1.5695	1.5685	–	–
DM	2.4395	2.4390	3.83	3.8275
Yen	231.30	231.20	363.25	363
FFr	7.3350	7.34	11.51	11.51
SwFr	2.02	2.0325	3.17	3.19
Guilder	2.7430	2.7470	4.31	4.3050
Lira	1455	1453.25	2283	2279
BFr	48.73	48.66	76.50	76.35
C$	1.22575	1.22525	1.9240	1.9225

INTEREST RATES

Euro-currencies (three month offered rate)	May 12	Prev
£	10 5/16	10 5/16
SwFr	4 3/16	4 ¼
DM	5 1/16	5 1/16
FFr	13¾	13¾
FT London Interbank fixing (offered rate)		
3-month U.S.$	8 13/16	8¾
6-month U.S.$	8⅞	8 13/16
U.S. Fed Funds	8½	8⅝
U.S. 3-month CDs	8.35	8.30
U.S. 3-month T-bills	8.03	7.95

U.S. Treasury Bonds

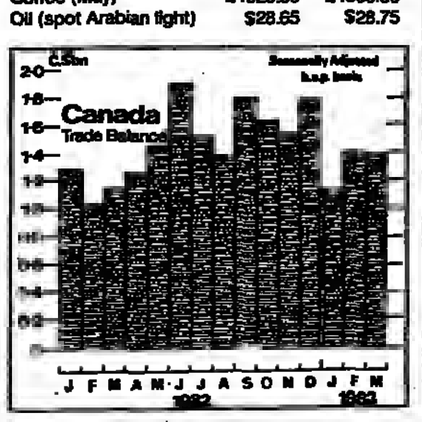
	May 12 Price	May 12 Yield	Prev Price	Prev Yield
9½ 1985	100 [illegible]/32	9.29	100 17/32	8.19
10½ 1990	101 [illegible]/32	10.14	100 [illegible]/32	10.06
10⅛ 1993	99 [illegible]/32	10.23	99 [illegible]/32	10.17
10⅜ 2012	100	10.36	100 [illegible]/32	10.31

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
U.S. Treasury Bonds (CBT) 8% 32nds of 100%				
June	78–19	79–03	78–18	79–03
U.S. Treasury Bills (IMM) $1m points of 100%				
June	92.01	92.12	92.00	92.13
Cert Deposit (IMM) $1m points of 100%				
June	91.61	91.69	91.60	91.72
LONDON				
Three-month Eurodollar $1m points of 100%				
June	91.35	91.42	91.35	91.44
20-year Notional Gilt £50,000 32nds of 100%				
June	104–17	104–26	104–18	104–25

LONDON COMMODITY MARKETS

	May 12	Prev
Silver (spot fixing)	821.15p	839.05p
Copper (cash)	£1136.50	£1151.50
Coffee (May)	£1928.50	£1890.00
Oil (spot Arabian light)	$28.65	$28.75



LONDON

Shortage of inspiration dulls trading

ANOTHER uninspired session in London left business volume mediocre and the bulk of industrial shares easier. The broadest-based index of equity trends, the FT-Actuaries All-Share, fell for the tenth consecutive day while the FT Industrial Ordinary share index closed 4 down at 668.8, extending this week's loss to nearly 28.

Lack of investment incentive was an obvious factor. An even more encouraging opinion poll of the Conservative's election chances made little impression and investors appeared in no hurry to re-invest funds obtained recently via profit-taking sales while dealers remained cagey.

Many still viewed Tuesday's shake-out in disbelief and made every effort to maintain square books.

Some equity sectors witnessed activity with paint issues reviving after Ruberoid's offer of share exchange terms, or a cash alternative, for Camrex.

Another twist in the intriguing Linfood/Fitch Lovell saga emerged through the former's counter to Safeway's offer for Key Markets. Linfood's bid for Fitch/Lovell received approval yesterday from the Monopolies Commission but Linfood will not proceed if Fitch's Key Markets division is acquired by Safeway.

The closure of most continental European centres for Ascension Day affected business in currency markets and sterling consequently retained a quietly firm trend. Gilt-edged markets similarly experienced a light trade but quotations throughout the list drifted a shade easier on scattered offerings. High-coupon longs sometimes closed ¼ off, while short-dated stocks eased a maximum of ⅛. The larger-than-expected central government borrowing requirement for April was a dampener on sentiment.

Recently buoyant mining markets finally ran out of steam. Profit-taking in precious and base-metal prices and the absence of fresh support from Johannesburg and Europe led to quiet trading enlivened only by profit-taking by London operators.

South African golds lost ground from the outset. An initial mark-down was followed by long periods of inactivity. Consequently share prices drifted to close at the day's lowest levels but falls were generally minimal and the Gold Mines index showed a 2.4 decline at 678.1.

An uncertain performance by the bullion price added to the unsettled tone in the share market the metal price dipping to around $437 an ounce prior to closing at $439.5.

Profit-taking was most noticeable in Randfontein, which dropped £3¼ to £109 and Winkelhaak, almost £1 cheaper at £30¼ but the leaders provided a firm feature in Buffels which moved up £⅞ to £43¾. Grootvlei was outstanding in the second-line issues adding £¼ at a 1983 high of £13.

Easier metal prices prompted a similar trend in London Financials, where Gold Fields retreated 7p to 553p. Platinums also gave ground with Impala 15p off at 828p and Lydenburg 5p cheaper at 445p.

Leading Australians turned easier in much quieter trading. CRA fell 7p to 288p ex the rights issue.

Falls in the industrial leaders rarely exceeded a few pence. Glaxo, however, weakened 60p to 80p partly on U.S. selling, while the half-yearly results from BOC, 2p lower at 208p, after 202p, failed to inspire.

Share information service, Pages 40–41

AUSTRALIA

Fall stemmed

Shares suffered a reverse in early trading in Sydney after their strong advances during the previous two days, but they later steadied in moderately active trading.

The All Ordinaries index, which was down 2 within the first hour, recovered to end 0.8 ahead at the year's high of 619.4. Industrials moved ahead while the rest of the market eased overall in trading that was well below that of the previous two days.

The weakest sector was minings. CRA, which began trading ex-rights to its A$206m issue, led the downturn among heavyweights, falling 18 cents to A$5.15 in Melbourne and 30 cents to A$5.12 in Sydney, in very heavy trading.

SWEDEN

Stockholm scales the peaks

STOCKHOLM's bourse has climbed to peak after peak, practically without pause, over the last two years in what traders describe as a phenomenon, *writes David Brown in Stockholm.*

The Veckans Affärer Index has grown 48 per cent this year and 183 per cent in two years. Forest product shares are up 54 per cent, chemicals up 59 per cent and manufacturing up 66 per cent.

Shares in Volvo have climbed 424 per cent in two years. Asea, the electrical engineering group, is up 610 per cent, while topping the list is Fortia, the pharmaceuticals group, at 771 per cent.

Other exchanges look colourless by comparison. The Frankfurt Commerzbank Index has risen 28 per cent since January and the Wall Street and London indices have grown by 17 per cent each.

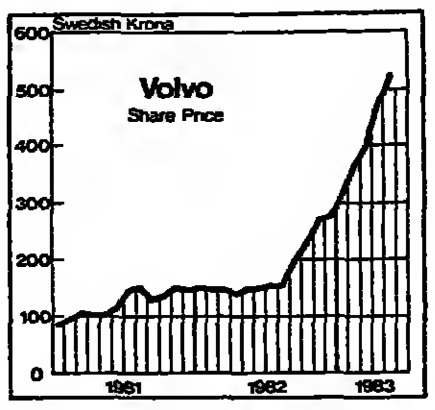
THE markets were closed in most European centres and Johannesburg yesterday for the Ascension Day holiday. However, in Milan which was open, shares closed mixed after late sales partially reversed an early upward trend, while in Madrid stocks were also mixed after an uneventful session.

Interest by foreign investors is one factor in the climb. Another is the prospect of record 1983 profits. A share-saving scheme has drawn smaller investors with its promise of a tax rebate. Swedish companies, already burdened with over-capacity, have found the market a more lucrative investment than new plant and equipment.

In all, brokers say the supply of new issues has not overtaken demand, nor has the Government implemented policy changes to counteract the boom.

Yet despite this success, Mr Bengt Gronquist, president of the exchange, is not a happy man.

Last April 29, he was forced to call a halt to share trading for seven working days. It was the longest shutdown since the Krueger crash of the 1930s when the Swedish tycoon Aver Krueger committed suicide in Paris after the collapse of his empire.



The problem has been the central securities registry, which needed time to clear a bottleneck in its paperwork. Half owned by the Government and half by banks and brokers, it is required to deliver a share certificate within six days to finalise the transaction.

Due partly to higher trading volumes – about four times the level of last year – the delivery time has doubled.

"If we continue at this rate, we will have a yearly volume equivalent to between 40 and 45 per cent of London's," Mr Gronquist said. London trading volume last year was around $32bn, compared with Stockholm's $4.3bn.

When trading resumed, the securities registry was still eight days behind. After only two days, the exchange called another stop, this time for six consecutive Wednesdays, starting May 18.

While faulting the securities registry, which has been plagued by trouble in a new computer system installed to handle the volume, Mr Gronquist lays part of the blame on brokers.

The banking inspectorate requires share sellers to hand over their certificates within a day of the transaction. In many cases, however, brokers have allowed customers to hold their paper for at least a week.

Mr Gronquist is exasperated. The banking inspectorate will have to give dealers a stern "talking to" he said. The registry will have to get its house in order.

FAR EAST

Widespread declines in Tokyo

A ROUND of profit-taking in blue chip issues and populars, following Wall Street's overnight decline, led a widespread fall in shares, in active trading in Tokyo.

The Nikkei Dow industrial average lost 37.68 to finish at 8,653.90 on volume of 450m shares, while the Tokyo SE index closed at 631.40 for a loss of 2.67.

The decline was attributed to a drop in the volume of foreign purchases, partly as a result of the yen's turnround from its recent gains against the dollar. Sanyo's estimated drop in unconsolidated profit for the first half of its 1983 fiscal year also continued to depress the market.

Government bond prices weakened in light trading.

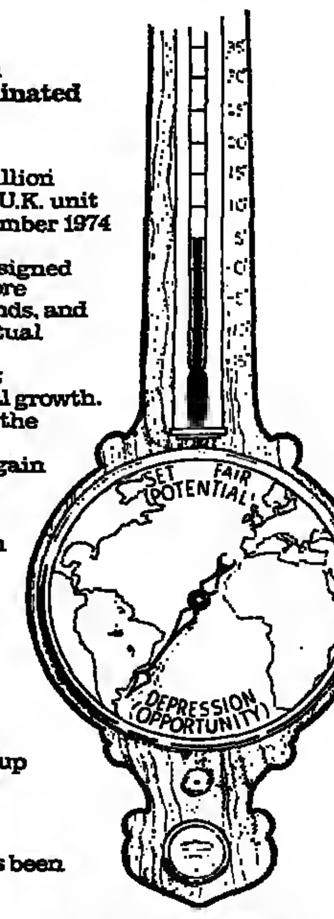
In **Singapore**, shares ended mixed to lower though most of the actively traded issues showed little change in price. The Straits Times index managed a 0.71 rise to finish at 960.13 on moderate trade of 16.7m shares.

Sun Hung Kai Securities' latest Investment Focus publication noted that the Straits index had gained 30 per cent since the start of this year and while a market correction could be expected, this should not interfere with selective accumulation of fundamentally sound stocks.

Growth Industrial Holdings fell 6 cents to S$3.64, United Motor Works 6 cents to S$3.78, Hong Leong Finance 6 cents to S$4.94, Malayan Bank 15 cents to S$8.20 and Overseas Chinese Bank 10 cents to S$11.90.

Shares closed steady, though off the day's highs in Hong Kong after some late institutional selling and the Hang Seng index was up 9.96 at 952.98, after a 13.95 morning gain.

Among the leaders, Cheung Kong added 5 cents at HK$8.55, Hongkong Bank 10 cents at HK$8, Hongkong Land 3 cents at HK$4, Hutchinson Whampoa 10 cents at HK$12.30, Jardine Matheson 30 cents at HK$13.40 and Swire Pacific "A" 40 cents at HK$12.60.



NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Continued on Page 37

AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

A–A–A

B–B–B

C–C–C

D–D–D

E–E–E

F–F–F

G–G–G

H–H–H

I–I–I

J–J–J

K–K–K

L–L–L

M–M–M

N–N–N

O–O–O

P–Q

Continued on Page 38

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued from Page 36

O–O–O

P–Q

R–R–R

S–S–S

T–T–T

U–U–U

V–V–V

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
25	19¼	VaEP	pf2.90	12.		z17	24¼	24¼	24¼	
62	45½	VaEP	pf7.20	12.		y250	60	58	58	–1½
64¼	47	VaEP	pf7.45	12		y400	63	61½	61½	–¼
22¼	13¼	Vornad			28	417	22½	21⅞	21⅞	–½
16¾	7½	Vulcinc				8	16	9⅞	10	–¼
64	38¼	VulcnM	2.44	6.9	13	9	63	62½	63	+½

W–W–W

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
20⅞	15¼	WICOR	9	14	11.0	50	18⅞	18⅞	18⅞	–¼
44½	35	WabR	pf4.50	11.		z10	41	41	41	–4½
43¾	22	Wachov	1.40	3.4	11	526	42¼	40¼	40¼	–1¼
34½	12⅞	Wackht	.44b	1.3	21	55	33½	32½	32⅞	–¼
13½	4½	Wainoc				556	6⅞	6½	6½	

Continued on Page 38

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a–dividend also extra(s). b–annual rate of dividend plus stock dividend. c–liquidating dividend. cld–called. d–new yearly low. e–dividend declared or paid in preceding 19 months. g–dividend in Canadian funds, subject to 15% non-residence tax. i–dividend declared after split-up or stock dividend. j–dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k–dividend declared or paid this year, an accumulative issue with dividends in arrears. n–new issue in the past 52 weeks. The high-low range begins with the start of trading. nd–next day delivery. P/E–price-earnings ratio. r–dividend declared or paid in preceding 12 months, plus stock dividend. s–stock split. Dividends begins with date of split. sls–sales. t–dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u–new yearly high. v–trading halted. vi–in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd–when distributed. wi–when issued. ww–with warrants. x–ex-dividend or ex-rights. xdis–ex-distribution. xw–without warrants. y–ex-dividend and sales in full. yld–yield. z–sales in full.

WORLD STOCK MARKETS

CANADA · DENMARK · NETHERLANDS · AUSTRALIA · JAPAN (continued) · FRANCE · NORWAY · SPAIN · HONG KONG · SINGAPORE · GERMANY · SWEDEN · JAPAN · SOUTH AFRICA · AUSTRIA · SWITZERLAND · BELGIUM/LUXEMBOURG · ITALY

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

NEW HIGHS AND LOWS FOR 1983

NEW HIGHS (46)

INT. BK. & O'SEAS STLG. ISSUES (1)
Mex. 16½pc 2008

CORPORATION LOANS (2)
LCC 5½pc '82-84 · LCC 5½pc '85-87

FOREIGN BONDS (1)
Ireland 7½pc '81-83

AMERICANS (3)
Gulf Oil · Sun Co. Inc. · Shell Oil

CANADIAN (3)
Bow Valley · Massey Ferguson · Can. P. Ent.

BANKS (2)
Allied Irish · Trade Dev.

BUILDINGS (5)
Baggeridge Brick · Wheatlads · Francis Parker · Whittingham · Utd. Ceramic

STORES (2)
LDH Group · Lee Cooper

ENGINEERING (1)
Wagon Ind.

INDUSTRIALS (6)
Bellair Cosmetics · Business Computer · Black (P.) · Johnston Grp. · Bridport-Gundry · London & Northern

LEISURE (2)
Barr & W.A.T. A · Radio City A NV

PAPER (2)
Bunzl · Transparent Paper

TEXTILES (2)
Beales (J.) · Coats Patons

TRUSTS (4)
Family Inv. · Oil & Assoc. · Mid Wynd Inv. · West Coast & Texas

OIL & GAS (5)
Brunswick · Norsk Hydro · Hudson Pet. · Woodside · New Court Nat.

OVERSEAS TRADERS (2)
Aust. Agric. · Sime Darby

PLANTATIONS (1)
Malakoe

MINES (2)
Grootvlei · Southwest Res.

NEW LOWS (26)

BANKS (1)
Union Discount

BUILDINGS (1)
Magnet & Southerns

STORES (1)
Asprey

ELECTRICALS (1)
Forward Tech.

ENGINEERING (1)
Victor Products

FOODS (2)
Assoc. Brit. Foods · Hillards

INDUSTRIALS (8)
Celestion · Russell (A.) · Hanson Trust · Sanders · Do. 9½pc Cnv. · Sheldon Jones · London & Liverpool · Stag Furniture

LEISURE (1)
Nimslo Int.

PAPER (1)
Wight Collins R-S

PROPERTY (2)
Mountview · Westminster Prop. · Thames Inv. & Sec.

SOUTH AFRICANS (1)
Checkers Stores A

TRUSTS (4)
EDITH · Triplevest Inc. · M. & G. Dual Cap. · Martin (R. P.)

OIL & GAS (1)
Am. Oil Fields

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
BOG	206	− 2
Belgrave (Blackheath)	136	+35
Oufay Bitumastic	40	+ 5
Fitch Lovell	141	− 4
Hogg Robinson	120	+ 6
Holt Lloyd	53	+ 6
Lex Service	288	+13
Linfood	268	+20
Lond. and Livrpl. Tst.	230	−10
Sabina	160	−30
Transparent Paper	53	+18
Vaux Brewery	235	− 8

WEDNESDAY'S ACTIVE STOCKS

WEDNESDAY'S ACTIVE STOCKS
Based on bargains recorded in Stock Exchange Official List.

Stock	No. of changes	Wed. close	Day's change
Belgrave (B'th)	22	101	+ 1
RTZ	21	573	+23
Lon. Mid. Ind.	20	123	—
BAT Industries	17	610	− 5
Glaxo	16	860	−27
Comb. Tech.	15	41	+ 5½
Con. Gld. Flds.	15	560	+22
Royal Insrnce.	15	515	−15
Rustenb'g Plat.	15	605	+30
BOC	12	208	− 7
Tilling (Thos.)	12	205	− 3
Beecham	11	373	+ 3
Bowater	11	193	+ 8
GEG	11	214	− 6

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS — Thur May 12 1983

FIXED INTEREST — AVERAGE GROSS REDEMPTION YIELDS

	Price Indices	Thur May 12	Day's change %	Wed May 11
2	5-15 years	129.40	−0.12	129.55
3	Over 15 years	138.58	−0.09	138.70
4	Irredeemables	145.27	−0.22	145.59
5	All Stocks	128.15	−0.07	128.25
6	Debentures and Loans	103.40	+0.03	103.36
7	Preference	80.70	+0.02	80.72

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

RISES AND FALLS

	Rises	Falls	Same
British Funds	3	53	43
Corpns. Dom. & Foreign Bonds	6	6	66
Industrials	187	278	876
Financial & Props.	74	117	329
Oils	24	18	71
Plantations	2	3	17
Mines	26	50	78
Others	37	80	60

FINANCIAL TIMES STOCK INDICES

	May 12	May 11	May 10	May 9	May 6	May 5	year ago
Government Secs.	81.04	81.15	80.98	81.28	81.68	81.98	69.21
Fixed Interest	82.99	83.01	83.09	83.25	83.67	83.66	69.90
Industrial Ord.	668.6	678.6	676.7	690.2	694.4	695.0	565.2
Gold Mines	678.1	680.5	677.0	651.6	633.3	653.7	231.8
Ord. Div. Yield	4.72	4.67	4.65	4.55	4.52	4.52	6.32
Earnings, Yld.% (full)	9.37	9.27	9.20	8.93	8.87	8.87	11.00
P/E Ratio (net) (*)	13.81	13.35	13.45	13.71	15.78	15.78	11.11
Total bargains	13,683	20,768	29,435	31,041	23,480	24,240	15,467
Equity turnover £m.	—	217.05	248.13	306.69	281.39	243.05	146.69
Equity bargains	—	17,085	18,237	19,556	22,852	19,830	15,387
Shares traded (ml)	—	118.6	155.7	124.8	165.3	158.8	117.7

10 am 672.0. 11 am 672.6. Noon 672.5. 1 pm 672.8. 2 pm 671.4. 3 pm 669.7.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial 1/7/35. Gold Mines 12/10/55. SE Activity 1974.

Latest Index 01-246 8026.

Nil = 12.31.

HIGHS AND LOWS

	1983 High	1983 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	82.75 (11/4)	77.00 (24/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	84.36 (18/4)	79.05 (1/2)	150.4 (28/11/47)	50.65 (3/1/75)
Ind. Ord.	699.0 (27/4)	598.4 (12/1)	699.0 (27/4/83)	49.4 (26/6/40)
Gold Mines	754.7 (15/2)	551.6 (28/3)	754.7 (15/2/83)	43.5 (28/10/71)

S.E. ACTIVITY

	May 11	May 10
—Daily		
Gilt Edged Bargains	145.8	176.7
Equities Bargains	110.7	118.2
Value	438.7	491.4
5-day Avrge		
Gilt-Edged Bargains	165.9	172.0
Equities Bargains	126.4	129.6
Value	481.3	476.5

Indices

NEW YORK — DOW JONES · STANDARD AND POORS · N.Y.S.E. ALL COMMON · RISES AND FALLS · MONTREAL · TORONTO

AMERICAN STOCK EXCHANGE CLOSING PRICES

Continued from Page 37

NEW YORK CLOSING PRICES

Continued from Page 37

COMMODITIES AND AGRICULTURE

Comex may introduce aluminium futures

By John Edwards, Commodities Editor

THE New York Commodity Exchange (Comex) is planning to introduce an aluminium futures market. The Comex board of governors yesterday decided to apply for permission from the U.S. Commodity Futures Trading Commission (CFTC) to start the market. It is hoped that trading will begin in the autumn.

A Comex spokesman claimed that the New York contract would be more convenient for for North American-based traders, who at present dealt on the London Metal Exchange market — at present the only aluminium futures market in the world.

"It will also eliminate the need to trade aluminium in a foreign currency," he added.

The Comex contract will be based on lots of 40,000 lbs of high grade aluminium, with a lesser grade priced at a discount of 1 cent a lb.

Comex, which already has highly successful gold, silver and copper futures contracts, has obviously been influenced in its decision to introduce aluminium by the success of the LME contract launched in October 1978.

After a slow build-up, and strong opposition from producers, turnover on the LME aluminium market has built up strongly and it now has a strong influence on the world price of aluminium, previously controlled by the producers.

Meanwhile, on the London Metal Exchange yesterday, aluminium values remained steady in spite of a setback in the copper and gold markets. Three months high-grade copper closed £12.5 down at £1,164.75 a tonne following a weaker trend in New York overnight and speculative profit taking.

U.S. suspends farm export lending

BY NANCY DUNNE IN WASHINGTON

THE U.S. Department of Agriculture has had to suspend all agriculture export lending because it has exhausted its credit guarantee allocation.

The department offers two lending programmes for the sale of farm commodities. One provides commercial credit guarantees. The other, the "blended credit" programme (essentially subsidised credit) combines guarantees with interest-free direct credits in a 4-1 match.

While the USDA has $130m (£86.66m) still available in direct credits, it has used up the entire $4.8bn authorised this fiscal year for commercial credit guarantees.

Demand for both credit programmes, spurred by the weak economies of U.S. customers, has been much greater than USDA officials expected. Mexico alone accounted for $1.2bn in credit guarantees.

Department officials estimate that the U.S. has sold between $7-8m worth of farm commodities under the blended credit programme, and they figure that $5m of that was for sales that would not have been made without subsidised credit.

The blended credit sale announced before the programme was suspended was a package of $61.5m for Tunisia, including $50m for wheat, $6m for maize and $5.3m of dairy heifers.

The sale was pushed by Mr John Block, Agriculture Secretary, during a market development trip in March. Mr Richard Lyng, deputy secretary of agriculture, who announced the sale, said it would permit Tunisia to achieve a higher level of wheat imports.

USDA officials are now negotiating with the budget review group, which includes officials from the Office of Management and the Budget. While their request for increased credit authority is pending, they are reviewing credit guarantee allocations which have thus far gone unused.

Countries now seeking credit guarantees include Nigeria, South Korea, Venezuela and Spain.

Meanwhile, the department has projected Soviet grain imports in 1983-84 at 35m tonnes, up from 34m in the previous year.

The 200m tonne USSR crop, the department predicts, would permit only a modest recovery in reserve stocks, even with imports of about 35m tonnes. The USSR has had to draw heavily on stocks during its four years of poor harvests.

The total 35m tonnes of imports will consist of 19m tonnes of wheat and 15m tonnes of coarse grains.

Confidence on grain talks

WASHINGTON — Mr Daniel Amstutz, Undersecretary of Agriculture-designate, said he is confident the USSR will seek to negotiate a new long term grain agreement with the U.S.

President Reagan offered to resume negotiations on the pact last month, but Mr Amstutz told a Senate agriculture committee hearing that no reply to the offer had been received.

Mr Amstutz, nominated as deputy secretary for international affairs and commodity programmes, said the commodities and quantities covered in the pact are less important than its favourable renegotiation.

Mr Amstutz told the hearing "it should open up areas of dialogue and trade between the Soviet Union and the U.S., not only in grains but other products as well."

He said it is too early to discuss what terms the U.S. would seek in a new pact. Reuter

Japan may tighten broker legislation

JAPAN'S agriculture and international trade and industry ministries may tighten legislation aimed at restricting the activities of Japanese brokers in futures markets abroad. Ministry officials said nearly 1,000 Japanese investors filed complaints last year against brokers they alleged had cheated them in futures trading.

Existing legislation aimed at eliminating fraud in futures trading covers only certain certain Hong Kong markets. Reuter

● CONTINUING wet weather boosted sugar and potato futures prices in London yesterday. The London daily price for raw sugar rose by £7 to £139 a tonne. On the London potato futures market, the November position closed more than £6 up at £108.50 after reaching £113.50 at one stage.

● THE AUSTRALIAN Government will discuss a resource rent tax system for the mining sector. Resources and Energy Minister Peter Walsh said he favours a system combining a progressive tax rate and a multiple return on funds threshold.

● A FUNGUS disease spreading from the Balkans is attacking Hungary's sunflowerseed crop, causing serious losses.

● THE FIRE which destroyed part of the Rio Grande grain terminal last week is delaying shipments of Brazilian soyabean meal.

● STORMS AND tornadoes ripped through Hunan province in central China, killing hundreds of people. It also destroyed 500,000 hectares of grain.

● MALAYSIA is considering establishing customs warehouses on the Yugoslav Adriatic coast for storing Malaysian products such as tin, rubber and palm oil.

Land nationalisation 'would cost a fortune'

BY RICHARD MOONEY

THE LABOUR Party's plan to nationalise tenanted farm land would cost taxpayers a fortune, damage farming efficiency and fuel inflation, according to a pamphlet* published today by the Aims of Industry pressure group.

The author of the pamphlet, Prof Donald Denman, emeritus professor of land economy at Cambridge University, also argues that nationalisation would freeze the supply of land for letting and hand over too much control to bureaucrats.

Prof Denman points out that private landlords get only a 1 to 2 per cent return on their land, well below the 10 per cent or more the Government would have to pay in interest on the money it borrowed to buy the land.

Acquiring all tenanted farm land (just over 40 per cent of the country's farmed area) at market prices would cost billions of pounds, he states. The injection of such vast sums into the economy would be "a serious stimulus to inflation."

The Labour Party's programme promises to "greatly improve opportunities for new entrants wishing to come into the (farming) industry" but Prof Denman believes nationalisation of tenanted land would have the opposite effect.

He also suggests that the nationalisation of tenanted land would only be the prelude to a total takeover. He quotes Labour's Programme 1982 which says "the demand for the public ownership of agricultural land is, and always has been, an integral part of the Labour Party's philosophy."

The same quote is to be used by Aims of Industry in a local newspaper pre-election advertising campaign. "Keep farming free from politics," the advertisement says—"say no to nationalisation."

The Country Landowners' Association (CLA) is also mounting an anti-Labour campaign.

*British Farming — Under Threat of State Land Monopoly, price £1.

Where materialist expectations clash with food supplies

Farmers' viewpoint: By John Cherrington

THE Government has announced that it will oppose an EEC food aid package on the grounds that it would be far better to make Third World countries grow more food for themselves.

This is a most sensible decision in principle, but it begs the question of what happens to hungry people while they are learning to grow more of their own food—hardly be a short term job.

The decision will undoubtedly be attacked by the charitably inclined, who see no reason why private subscriptions should not be supplemented by some state aid. In particular, some of the surplus foods at present dumped on the Russians and Chinese could, with a better return in public relations, be sent to the tropical belt.

There is no doubt that much of the world's hunger and misery—apart from sudden disasters like drought, flood and war—has been due to the incursion of the European influence. Before adopting Western ways, most countries were able to keep their food and populations in balance by harsh but natural means.

Some years ago I visited a West African village and observed what could be called an agricultural conference. Under the chairmanship of the chief, the village elders decided which patches of scrub and jungle within their boundaries should be brought into cultivation and which fields and plots should be allowed to revert to nature for a rehabilitation period of anything up to 20 years.

This form of husbandry was the norm in much of the tropical belt and I have seen examples of it among many people we would consider primitive. In fact a variant was operated in Europe until better methods came along.

European exploitation soon changed that. But I use the term in no condemnatory sense. In theory, production of crops on a plantation scale made much more efficient use of land and other resources. Some of this undoubtedly rubbed off an the local economies, although much went to the entrepreneurs overseas.

But the Europeans were not satisfied. They felt it was sinful just to make money out of the disadvantaged without letting them share the spiritual and material benefits of Western civilisation. Missionary societies competed in extolling the virtues of the different sects no doubt much to the bewilderment of the infidels, and with the missionaries came the doctors.

Modern medicine was marvellously successful in extending the life expectancy of populations whose numbers had previously been most efficiently kept in check by the disciplines of endemic diseases.

These tropical products eventually competed to such a degree with those produced in the West that restrictive measures had to be taken. A classic example is sugar. Were it not for the Lome agreement Third World sugar would by now have been unknown in Europe. Palm oil is under threat from soya and olives grown in the U.S. and Mediterranean Europe.

So far Brazil is not classified as a Third World country, although by all accounts some of its inhabitants are pretty underprivileged. But Brazilian sugar and broiler chickens are becoming a menace to existing Western producing interests. Even the products which don't compete with Western farming—coffee, cocoa, tea, etc—are more often than not in market surplus, with low prices which react on the producers' economies.

There is no doubt that nearly all these hungry nations have within their own boundaries sufficient land and moisture resources to maintain their populations on an adequate standard of nutrition.

But it cannot be repeated too often that man cannot live by bread alone and needs more than two square meals a day.

The European influence did not stop at exploitation, but gave the Third World people national identities instead of one founded on the village or the small tribe. But national identities lead to national governments and modern governments need things that cost money.

Third World countries are all almost bankrupt and what might be called the second-tier countries—like Mexico—are in the most serious difficulties, rather as they were some 50 years ago under similar circumstances.

I believe the conflict of the next century will not be between the West and the Soviet bloc, which have basically the same culture and interests, but between the West and the underdeveloped world for what they see as our advantages.

The awful thing is that had we not interfered with their way of life in the first place this conflict need never have arisen.

PRICE CHANGES

In tonnes unless stated otherwise	May 12 1983	+ or −	Month ago
Metals			
Aluminium	£880	......	£880
Free Mkt	$1460/480	+40	$1445/475
Copper			
Cash h grade	£1136.5	−16	£1058.5
3 mths	£1164.75	−12.5	£1096.5
Cash Cathode	£1103	−12.5	£1050
3 months	£1132.5	−13	£1076
Gold troy oz	$439.5	−4.25	$430
Lead Cash	£278	−5.5	£296.5
3 months	£288.25	−5.5	£306.75
Nickel	£4526.5	......	£4830
Free mkt	225/260c	+5	218/240c
Palladium	$198.00	−4.75	$123.25
Platinum	£288.50	−4.95	£278.30
Quicksilver†	$285/295	......	$300/320
Silver troy oz	821.15p	+17.30	736.65p
3 mths	841.40p	+18.55	776.40p
Tin cash	£8617	−30.5	£9102.0
3 month	£8718	+5	£9075.5
Tungsten	$83.88	......	$81.18
Wolfem 22.04 lb	$89/91	......	$89/91
Zinc Cash	£470.5	−5	£464.25
3 mths	£484.25	−4	£468.75
Producers	$750	......	$750

	May 12 1983	+ or −	Month ago
Oils			
Coconut (Phil)	$642.5y	−7.5	$590
Groundnut	$535y	......	$495
Linseed Crude	£318y	......	£322
Palm Malayan	$450x	......	$420
Seeds			
Copra Phil	$440z	......	$385
Soyabean (U.S.)	$253.75	−3	$258
Grains			
Barley Fut. Sep	£110.50	+0.15	£111.60
Maize	£147.00	......	£148.00
Wheat Fut. Jul	£134.90	+0.95	£126.60
No2 Hard Wint	‡	......	‡
Other commodities			
Cocoa ship't*	£1335	......	£1245
Fut. July	£1294.5	+0.5	£1226.5
Coffee Ft. July	£1629.5	+6	£1648.5
Cotton A. Index	81.75c	......	79.90c
Gas Oil June	$232	−3	$246.25
Rubber (kilo)	76.25p	+0.25	78.75p
Sugar (Raw)	£139y	+7	£102
Wooltops 64s	388p kilo	......	400p kilo

‡ Unquoted. x June. y May-June. z June-July. † Per 76lb flask. *Ghana cocoa. n Nominal.

LONDON OIL SPOT PRICES

	Latest	Change + or −
CRUDE OIL—FOB ($ per barrel)		
Arabian Light	28.50-28.88	−0.10
Iranian Light	27.90	−0.05
Arabian Heavy	25.90-26.00	−0.85
North Sea (Forties)	29.05-29.50	−0.19
North Sea (Brent)	29.20	−0.25
African (Bonny Li'ht)	29.60-29.75	−0.05
PRODUCTS—North West Europe CIF ($ per tonne)		
Premium gasoline	297-300	−0.5
Gas oil	255-256	−0.5
Heavy fuel oil	162-164	−2.0

GAS OIL FUTURES

The market opened $1.00-2.00 down in reaction to the U.S. stock figures. After a brief flurry of activity the market fell into torpidity caused by the European holiday. Anticipation of the sharply weaker U.S. opening pushed prices to the lows but a rally in New York was followed by one in London, reports Premier Man.

Month	Yest'day's close	+ or −	Business Done
	$ U.S. per tonne		
May	256.00	−3.25	256.00-53.25
June	232.00	−2.00	232.50-29.75
July	231.92	−2.00	232.25-29.50
Aug	233.00	−3.00	234.25-32.00
Sept	233.00	−2.50	237.00-35.00
Oct	236.75	−2.50	239.75-37.50
Nov	241.75	−2.75	242.00-40.50
Dec	245.00	−2.00	246.25-44.00
Jan	247.50	−3.00	247.50

Turnover: 2,153 (2,102) lots of 100 tonnes.

GOLD MARKETS

Gold fell $4½ to $439-440 on the London bullion market yesterday. It opened at the same level, following the weaker trend in Hong Kong, and was fixed at $438½ in the morning, and $439½ in the afternoon. The metal touched a peak of $439½-440½, and a low of $438-438½, in very quiet trading, influenced by the Ascension Day holiday on the Continent.

Markets in Paris, Frankfurt, Luxembourg and Zurich were all closed.

LONDON FUTURES

Month	Yest'rday's close	+ or −	Business Done
	$ per troy ounce		
May	438.00-40.0	−4.500	
June	440.90-41.0	−3.950	441.70-40.2
July	443.80-44.8	−4.300	—
August	447.30-47.7	−3.700	448.00-47.8
Sept	450.30-51.2	−4.550	—
Oct	453.80-54.7	−4.350	—
Nov	456.80-58.2	−4.500	—

Turnover: 393 (500) lots of 100 troy ounces.

	May 12		May 10	
Gold Bullion (fine ounce)				
Close	$439-440	(£279¾-280½)	$444¼-444¾	(£282¼-283)
Opening	$439-440	(£272¼-280½)	$440-444	(£282½-283¼)
Morning fixing	$438.20	(£278.140)	$443.20	(£282.585)
Afternoon fixing	$439.70	(£280.096)	$443	(£281.896)

Gold Coins May 12					
Krugrnd	$452-453	(£288-288½)	King Sov	$105½-107	(£67¼-68¼)
½ Krg	$233-234	(£148½-149)	Victoria Sov	$105½-107	(£67¼-68¼)
¼ Krg	$118¾-119¾	(£70¾-76¼)	French 20s	$89¾-91¾	(£57¼-58½)
1/10 Krug	$48¼-49¼	(£30¾-31¼)	50 pesos Mex	$533-545	(£345½-347¼)
Mapleleaf	$451-452	(£287½-288)	100 Cor. Aust	$422¾-430	(£270½-274)
New Sov	$103-104¾	(£65¾-66¼)	$20 Eagles	$565-570	(£360-366)
½ New Sov	$61-63	(£38¾-40¼)			

GSA announces plan to upgrade stockpiled items

WASHINGTON—The General Services Administration (GSA) announced a 10-year plan to upgrade into more readily usable ferroalloys significant quantities of manganese and chromite ores in the national defence stockpile.

It said the project calls for processing about 1,154,000 short tons of manganese ore into 578,822 tons of high-carbon ferro-manganese and 1,297,000 tons of chromite ore into 518,500 tons of high-carbon ferrochromium.

GSA said the cost will reach an estimated $40m a year, excluding transportation.

For the first three years, the upgrading will be financed through the exchange of surplus stockpiled materials, the agency said.

GSA said it plans to award contracts for the upgrading by competitive negotiation among companies whose primary business is the processing of ferromanganese and ferrochrome.

Successful bidders will be required to pick up ore from selected storage sites, transport and process the ore and deliver the high-carbon ferroalloys to designated GSA storage depots, the agency said. Reuter

BRITISH COMMODITY MARKETS

BASE METALS

BASE-METAL PRICES were easier on the London Metal Exchange mainly reflecting profit-taking. Copper dropped to £1,163 in early trading, unsettled by the overnight U.S. performance on Comex, but rallied strongly to close at £1,167 on chartist support. Other metals traded quietly, Lead closing at £289, Zinc at £490, Aluminium at £958 and Nickel at £3,353.

COPPER

COPPER	a.m. Official	+ or −	p.m. Unofficial	+ or −†
High Grade	£	£	£	£
Cash	1141.5-2	−11	1136-7	−15
3 months	1168.5-9	−10	1164.5-5	−12.5
Settlem't	1142	−11	—	......
Cathodes				
Cash	1105-6	−15.7	1102-4	−12.5
3 months	1135-6	−16.7	1132-3	−13
Settlem't	1126	−15.5	—	
U.S. Prod.	—	—	*84-87	......

Amalgamated Metal Trading reported that in the morning cash Higher Grade traded at £1,142, three months £1,175, 74, 73, 72, 71 70.50, 70, 69, 69.50, 69, 68.50. Kerb: Higher Grade, three months £1,167.50, 67, 66.50, 66. Afternoon: Higher Grade, three months £1,164, 63, 63.50, 64, 65, 65.50, 66, 65, 64.50. Kerb: Higher Grade, three months £1,165, 66, 68, 69, 70, 69.50, 69, 68 67.50, 67, 67.50, 68, 68.50, 68, 67. Turnover: 41,725 tonnes.

TIN

TIN	a.m. Official	+ or −	p.m. Unofficial	+ or −†
High Grde	£	£	£	£
Cash	8600-5	−52.5	8616-8	−38.5
3 months	8710-5	......	8750-5	+7.5
Settlem't	8605	−55	—	......
Standard				
Cash	8600-5	−56	8616-8	−30.5
3 months	8705-10	−5	8716-20	+5
Settlem't	8605	−55	—	......
Straits E.	$551.06	......	—	......
New York				

Tin—Morning: Standard, cash £8,610, 05, three months £8,705, 02, 8,700, 05, 8,690, 8,702, 05. Higher Grade: Three months £8,710. Kerb: Standard three months £8,715, 20, 25, 60, 25. Afternoon: Standard, three months £8,720, 16. Higher Grade, three months £8,725, 30. Kerb: Standard, three months £8,729, 18, 16, 18. Turnover: 2,635 tonnes.

LEAD

LEAD	a.m. Official	+ or −	p.m. Unofficial	+ or −†
	£	£	£	£
Cash	278-.5	−5	277.5-8.5	−5.5
3 months	288.5-9	−5.37	288-.5	−5.5
Settlem't	278.5	−5	—	......
U.S. Spot	—	......	*30-24	......

Lead—Morning: Three months £292, 91.50, 90, 89. Kerb: Three months £288.50. Afternoon: Three months £290, 89, 88.50. Kerb: Three months £289. Turnover: 14,950 tonnes.

ZINC

ZINC	a.m. Official	+ or −	p.m. Unofficial	+ or −†
	£	£	£	£
Cash	472-5	−4.5	470-1	−5
3 months	486.5-7	−3	484-.5	−4
Settlem't	470	−5	—	—
Primw'ts	—	......	*40-.75	—

Zinc—Morning: Three months £488, 86.50. Kerb: Three months £487, 86, 85, 84.50. Afternoon: Three months £484, 84.50, 84. Kerb: Three months £484.50, 85, 86, 85.25, 86. Turnover: 11,000 tonnes.

ALUMINIUM

Aluminium	a.m. Official	+ or −	p.m. Unofficial	+ or −†
	£	£	£	£
Spot	932-.5	+1.5	928-9	+1
3 months	960-.5	+1.5	958-.5	+1

Aluminium—Morning: Three months £960, 59.50, 60, 61, 62, 61, 60.50. Kerb: Three months £960.50, 60, 59, 58. Afternoon: Three months £960, 57, 58, 58, 57, 56, 56.50, 57, 58.50, 56. Kerb: Three months £956, 57, 58, 57.50, 57, 56.80, 56, 5, 4.80, 55, 56, 57, 58. Turnover: 15,750 tonnes.

NICKEL

NICKEL	a.m. Official	+ or −	p.m. Unofficial	+ or −†
Spot	3365-70	−27.5	3300-70	−40
3 months	3348-50	−28.5	3345-50	−17.5

Nickel—Morning: Three months £3,350, 45. Kerb: Three months £3,355, 50. Afternoon: Three months £3,345, 50, 48. Kerb: Three months £3,352. Turnover: 1,112 tonnes.

* Cents per pound. ‡ M$ per kilo. † On previous unofficial close.

SILVER

LME—Turnover: 194 (177) lots of 10,000 ozs. Morning: three months 842, 42.5, 42, 41.5, 41.6. Kerb: three months 842. Afternoon: three months 843, 43.5, 42.5, 42, 44, 43. Kerb: three months 844, 43.5, 43, 41, 40, 41, 41.5, 42.

SILVER per troy oz.	Bullion fixing price	+ or −	L.M.E. p.m. Unofficial	+ or −
Spot	821.15p	−17.9	823.5p	−14
3 months	841.40p	−18.3	843.5p	−15
6 months	861.12p	−18.3	—	......
12 months	897.60p	−21.1	—	......

Silver was fixed 17.9p an ounce lower for spot delivery in the London bullion market at 821.15p. U.S. cent equivalents of the fixing levels were: spot $12.90, down 28.5c; three-month $13.75, down 26.9c; six-month $13.447, down 27.2c; and $13.97, down 32.1c. The metal opened at 824-829p ($12.84-12.98), and closed at the same level.

COCOA

Trading within a narrow range futures attracted only limited interest and closing levels were just marginally higher, reports Gill and Duffus.

COCOA	Yesterday's Close	+ or −	Business Done
	£ per tonne		
May	1260-61	+4.5	1261-48
July	1294-85	+0.5	1288-84
Sept	1307-08	+6.0	1308-94
Dec	1323-24	+6.0	1325-12
March	1337-38	+6.0	1332-87
May	1350-54	+4.5	1337
July	1358-59	[illegible]	[illegible]

Sales: 1,523 (2,827) lots of 10 tonnes. ICCO—Daily price for May 12: 89.04 (88.66). Indicator prices for May 13: 88.73 (89.09).

COFFEE

Strength in May encouraged a firmer market in moderate volume, reports Drexel Burnham Lambert. Trade and commission house buying led the advance but dealer profit-taking dampened the rise during a quiet afternoon before creating a weaker close.

COFFEE	Yest'day's Close	+ or −	Business Done
May	1927-30	+36.5	1940-93
July	1629-30	+3.2	1644-88
Sept	1571-72	+1.0	1591-68
Nov	1535-38	−0.8	1550-35
January	1498-00	−8.0	1517-00
March	1475-79	−0.5	1485
May	1448-60	+2.5	1470

Sales: 2,805 (2,252) lots of 5 tonnes. ICO indicator prices for May 10: (U.S. cents per pound): Comp. daily 1979 123.88 (124.37); 15-day average 124.3 (124.38).

GRAINS

Mnth.	WHEAT Yesterday's close	+ or −	BARLEY Yest'd'ys close	+ or −
May	100.40	+0.50	120.75	+0.80
July	134.90	+0.85	—	
Sep	117.25	+0.35	110.65	+0.15
Nov	112.65	+0.35	110.80	+0.15
Jan	122.75	+0.30	117.10	+0.20
May	126.65	+0.35	112.85	+0.25

Business done—Wheat: May 133.80-3.40, July 135.00-4.40, Sept 117.35-7.20, Nov 119.70-9.80, Jan 122.85-2.75, March 125.60 only. Sales: 157 lots of 100 tonnes. Barley: May 120.60-20.20, Sept 110.60 only, Nov 133.90-3.80, Jan 117.15-7.10, March untraded. Sales: 45 lots of 100 tonnes.

HGCA—Locational ex-farm spot prices. Feed Barley: S. West 126.50, W. Mids 125.80, N. West 124.20. The UK monetary coefficient for the week beginning Monday May 16 is expected to remain unchanged.

LONDON GRAINS—Wheat: U.S. dark northern spring No. 1 14 per cent June 128.50, July 125.50, August 124.75, Sept 124.25 trans shipment east coast sellers. English feed fob Sept 120.35, Oct/Dec 123.25, Jan/March 128, April/June 131.50 east coast sellers. Maize: French May 147 trans shipment east coast sellers. Barley: English feed fob Scottish Sept 113, English 114, Oct/Dec 110 sellers. Rest unquoted.

POTATOES

The strong trend continued after widespread rain, with all positions reaching new contract highs. Prices eased a little on profit-taking towards the close, reports Coley and Harper.

Month	Yesterd'y close	Previous close	Business Done
	£ per tonne		
Nov	108.50	102.40	112.50-08.0
Feb	121.00	122.50	122.50-27.0
April	157.00	149.00	158.00-59.8
May	167.00	153.80	165.50-55.0
Nov	81.50	—	—

Turnover: 1,647 (1,538) lots of 40 tonnes.

RUBBER

The physical market opened steadier, attracted little interest at the higher levels and closed uncertain. Lewis and Peat reported a June fob price for No 1 RSS in Kuala Lumpur of 246.5 (241.5) cents a kg and SMR 20 232.0 (229.0).

No. 1 R.S.S.	Yesterday's close	Previous close	Business Done
	£ per tonne		
June	767-770	765-768	775
July	765-775	760-765	—
Jly-Sept	767-768	760-768	778-768
Oct-Dec	763-764	758-760	776-760
Jan-Mch	777-778	775-777	785-777
Apl-Jne	791-794	790-797	810-790
Jly-Sept	809-815	815-817	818
Oct-Dec	835-838	835-838	—
Jan-Mch	848-850	855-858	—

Sales: 214 (486) lots of 15 tonnes, 8 (9) lots of 5 tonnes.

Physical closing prices (buyers) were: Spot 78.25p (76.00p); June 74.00p (same); July 74.50p (same).

SOYABEAN MEAL

The market opened easier on weaker cash values, reports T. G. Roddick. Commission house buying and trade short-covering firmed values which closed little changed.

	Yesterday's close	+ or −	Business Done
	£ per tonne		
June	140.00-40.2	−0.10	138.00-38.80
August	140.00-40.2	−0.40	140.00-38.00
October	144.20-44.5	−0.15	145.50-42.80
Dec	145.50-46.5	−0.50	150.00-46.80
Feb	155.50-54.0	−0.75	155.50
April	154.00-55.0	−0.25	—
June	156.00-58.5	−0.75	—

Sales: 74 (160) lots of 100 tonnes.

SOYABEAN OIL—The market opened marginally weaker and closed lower. Close (U.S. $ per tonne): June 433.00, 445.00; August 445.00, 452.00; Oct 457.00, 464.00; Dec 469.00, 476.00; Feb 479.00, 486.00; April 490.00, 500.00; June 500.00, 515.00. Sales: 0 (12) lots of 25 tonnes.

SUGAR

LONDON DAILY SUGAR—Raw sugar £139.00 (£132.00) a tonne cif May-June shipment. White sugar £164.00 (£168.00).

Carry-over buying from the strong New York close rapidly absorbed scattered profit-taking and prices rose to new highs. Further profit-taking later pared the gains, reports C. Czarnikow.

No. 4 Contract	Yesterday close	Previous close	Business done
	£ per tonne		
Aug	150.50-50.75	145.50-45.75	155.00-45.00
Oct	160.25-60.50	151.50-52.25	165.00-51.75
Dec	168.25-66.50	157.50-58.00	169.25-65.00
Mar	173.50-74.50	165.10-65.50	175.00-66.00
May	177.50-78.50	169.00-69.50	179.00-70.00

Sales: 8,733 (4,103) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis white sugar was £405.60 (same) a tonne for home trade and £247.00 (£239.50) for export.

International Sugar Agreement (U.S. cents per pound) fob and stowed Caribbean ports. Prices for May 10: Daily price 8.18 (8.28); 15-day average 7.48 (7.38).

WOOL FUTURES

LONDON NEW ZEALAND CROSSBREDS—Close (in order: buyer, seller, business). New Zealand cents per kg. May 434, seller, nil; August 445, 447, 446-445; Oct 444, 447, 445; Dec 444, 447, 445; Jan 445, 447, 445; March 450, 452, 451; May 457, 460, 460-456; August 463, 467, 467-466; Oct 465, 470, 470-469. Sales: 61.

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business). Australian cents per kg. May 584.0, 586.0, 587.0-585.0; July 588.0, 589.0, 589.0-587.2; Oct 575.0, 577.0, 578.0; Dec 586.0, 588.0, 588.0-586.1; March 608.0, 606.0, 608.0; May 616.0, 618.0, 616.0; July 630.0, 635.0, untraded; Oct 618.0, 630.0, untraded. Sales: 69.

COTTON

LIVERPOOL—Spot and shipment sales amounted to 643 tonnes. A major revival in demand was experienced, with substantial buying in a wide variety of styles. North American growths remained in request, but these qualities were supplemented by attention paid to African and Middle Eastern supplies. Dealings showed a marked advance after two dull sessions.

MEAT/FISH

SMITHFIELD—Pence per pound. Beef: Scotch killed sides 75.5 to 80.4; English hindquarters 94.5 to 98.0, forequarters 50.5 to 54.0. Veal: Dutch hinds and ends 122.0 to 126.0. Lamb: English small 112.5 to 115.5, medium 108.0 to 111.0, heavy 105.0 to 108.0; Imported New Zealand PL 61.3 to 61.5, PX 53.5 to 54.5. Pork: English under 100lb 42.0 to 45.0, 100-120lb 43.0 to 46.0, 120-160lb 36.3 to 38.0.

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle 100.44p per kg lw (+4.16). GB—Sheep 245.68p per kg est dcw (+8.51). GB—Pigs 73.96p per kg lw (+3.53).

GRIMSBY FISH — Supply good, demand moderate. Prices at ship's side (unprocessed) per stone: shelf cod £3.50-5.00, codlings £3.00-3.50; large haddock £4.00-4.40, medium £3.80-4.60, small £2.20-3.20; medium plaice £4.00-£5.80, best small £3.70-4.50; skinned dogfish (medium) £4.00; lemon sole (large) £10.00, (small) £8.80; rockfish £2.00-2.50; saithe £1.80-2.00.

INDICES

FINANCIAL TIMES

May 11	May 10	M'th ago	Y'ar ago
272.33	273.09	271.65	241.18

(Base: July 1 1952=100)

REUTERS

May 12	May 11	M'th ago	Y'ar ago
1800.2	1795.8	1748.8	1567.4

(Base: September 18 1931=100)

MOODY'S

May 11	May 10	M'th ago	Y'ar ago
1056.1	1055.5	1039.4	1008.2

(December 31 1931=100)

DOW JONES

Dow Jones	May 11	May 10	Month ago	Year Ago
Spot	144.58	146.56	169.93	125.60
Fut'rs	149.78	150.34	144.58	129.79

(Base: December 31 1974=100)

COVENT GARDEN—Prices for the bulk of produce, in sterling per package except where otherwise stated. Imported produce: Topaz—Jaffa: 2.85-4.50. Tangors — Jaffa: 3.00-5.60. Oranges—Jaffa: Valencia Lates 50 6.40, 60 6.10, 75 7.50, 88 7.55, 105 7.00, 123 6.40, 144 5.20, 168 5.10; Moroccan: Valencia lates 4.80-5.80; Cyprus: Valencia lates 4.00-6.50. Lemons—Spania: tray 5-kg 25/50 1.80-2.40; Jaffa: carton 4.00-5.70; Outspan: carton 5.50-5.50. Grapefruit—Cyprus: 23/56 3.80-4.80; Jaffa: 27 4.50, 32 4.65, 36 4.55, 40 5.20, 48 5.20, 56 5.00, 64 5.00, 75 4.50, 88 4.35; U.S.: Ruby 7.90-8.00 according to size; Outspan: 36 4.20, 40/48 4.80, 56 4.50. Apples—New Zealand: 18-kg Cox's 10.00-13.50, Golden Delicious 7.00-8.00, Red Delicious 8.00-10.00; Cape: 18-kg Golden Delicious 8.00-8.00, Starking/Starkrimson 8.00-8.50, Granny Smith 8.00-10.00; U.S.: Red Delicious 11.00-13.00; Chilean: Granny Smith 18-kg 8.50-9.40, Starking 8.50-9.50; French: 18-kg Golden Delicious 5.00-5.50; Tasmanian: Cox's 10.00-13.00. Pears—Cape: 33-lb Packhams 7.00-8.00, Winter Nelis 8.00-7.50, Beurre Bosc 6.50-7.90, Beurre Hardy 7.00-8.00, Comice 33-lb 7.00-10.00, Imya 8-lb 2.50; Italian: Passacrassana 12/14-lb, per lb 0.09-0.18. Peaches—Spanish: 40's 10.00, 45's 9.00. Grapes—Cape: Barlinka 6.40-5.50, New Cross 7.00; Chilean: Thompson 11-lb 7.00-7.90, Ribier 11-lb 4.80-5.00, Almeria 6.80-7.00. Strawberries—Spanish: 8-oz 0.20-0.40; Italian: 0.30-0.40. Melons—Spanish: Yellow 10-kg 10.00-12.00, Galia 5-kg 6.00-8.00. Pineapples—Ivory Coast: A's 1.50, 12's 0.90, 12'C 0.66, 20's 0.45; Cape: 5/9's 3.00 7.00. Bananas: Colombian: 40-lb boxes 10.80-11.30. Avocados—Israeli: 3.00-3.50; South African: 3.40-3.60. Paw Paws—Brazilian: 6.00-7.00. Kiwifruit—U.S.: 11.50; New Zealand: 12.50. Asparagus—U.S.: per lb 1.70-1.80; Spanish: per lb 1.20-1.40. Fennel—Italian: 20-lb 4.90. Mangoes—Mexican: box 7.50-8.00; Kenyan: 5.00-6.00.

English produce: Apples—Per pound, Bramley 0.08-0.16, Cox's 0.12-0.28, Crispin 0.08-0.12 Lexton 0.08-0.18. Pears—Per pound, Conference 0.14-0.28. Potatoes—Per bag 2.20-3.00. Mushrooms—Per pound, open 0.60-0.70, closed 0.60-0.80. Lettuces—Per tray 1.00-1.80, cos 2.00-2.40. Onions—Per 55-lb 2.50-5.50. Cabbages—Per 25-lb 1.00-2.50; per 28/30-lb white/red 1.50-2.40. Greens—28-lb, Kent 1.00-2.00, Cornish 35/40-lb 3.00-3.60. Carrots—Per 28/28-lb 1.80-2.40. Swedes—Per 28-lb 1.60-1.60. Leeks—Per 10-lb 2.20-3.00. Cauliflowers—Kent, 12's 2.00-3.20. Rhubarb—Per pound outdoor 0.09-0.10. Cucumbers—2.60-2.80. Tomatoes—Hothouse, per pound 0.30-0.45. Asparagus—Per pound 1.20-1.80.

AMERICAN MARKETS

NEW YORK, May 12.

HEATING OIL prices declined sharply as weekly API stocks showed less of a drawdown than the trade expected, also a slight easing of the tensions in the Middle East contributed to a lower close. Precious metals came under pressure from long overseas liquidation and on the continued efforts for a further peace initiative in the Middle East. Copper prices were lower as selling in sympathy with gold gained momentum; the weakness in the stock market triggered some speculative selling which further depressed the market. Follow-through selling in maize, pushed the market to new lows. Wednesday's sharp sell-off in soyabeans and wheat provided incentives for probing the long side of the market and both markets closed higher. Sugar ran into good profit-taking after early strength with trade hedging responsible for moderately lower closes. Cocoa firmed on manufacturer buying and on technical support. Coffee closed higher in erratic trade; the market opened easier but trade buying forced speculative short-covering. Cotton suffered from continued long liquidation as repeated rallies failed to hold; expectations of disappointing export sales were the principal negative factor behind the lower prices, reported Heinold Commodities Ltd.

NEW YORK

COCOA 10 tonnes, $/tonnes

	Close	High	Low	Prev
May	1867	—	—	1827
July	1877	1878	1836	1847
Sept	1904	1905	1866	1876
Dec	1932	1932	1897	1907
March	1952	1950	1918	1930
May	1973	—	—	1951
July	1996	—	—	1976

COFFEE "C" 37,000 lb, cents/lb

	Close	High	Low	Prev
May	125.15	125.82	124.70	125.15
July	134.74	124.90	123.20	124.20
Sept	122.97	123.00	121.70	122.41
Dec	121.73	122.00	121.00	121.68
March	118.01	119.65	118.65	118.78
May	116.66	118.50	118.25	116.51
July	114.25	114.25	114.25	114.75
Sept	112.99	113.00	112.75	113.24

COPPER 25,000 lbs, cents/lb

	Close	High	Low	Prev
May	78.90	79.35	70.90	70.70
June	79.30	—	—	80.13
July	80.00	80.40	78.90	80.80
Sept	81.60	81.70	81.20	82.05
Dec	83.00	83.40	82.60	83.70
Jan	83.55	83.60	83.70	74.30
March	84.60	84.90	84.50	85.30
May	85.85	85.75	86.70	86.35
July	86.75	87.00	86.75	87.40
Sept	87.85	88.15	87.75	88.45

COTTON 50,000 lb, cents/lb

	Close	High	Low	Prev
July	73.10	74.10	73.00	73.42
Oct	74.00	74.80	74.00	74.35
Dec	73.97	74.93	73.95	74.37
March	75.30	75.90	75.20	75.60
May	76.60	76.80	76.50	75.70
July	76.10	—	—	79.50
Oct	75.60	—	—	75.20

GOLD 100 troy oz, $/troy oz

	Close	High	Low	Prev
May	438.7	440.0	440.0	443.9
June	440.4	443.2	439.0	445.7
July	443.8	445.5	444.5	448.9
August	446.0	448.2	445.3	452.2
Oct	453.4	455.5	452.5	458.8
Dec	460.1	463.0	458.8	465.5
Feb	466.9	468.1	466.6	472.5
April	474.0	477.5	477.5	479.7
June	481.2	485.2	485.0	487.0
August	488.7	491.0	489.0	494.5
Oct	496.4	—	—	502.3
Dec	504.2	506.0	505.0	510.2
Feb	512.4	—	—	518.4

HEATING OIL 42,000 U.S. gallons, cents/U.S. gallons

	Close	High	Low	Prev
June	74.30	74.80	74.15	75.41
July	73.77	74.45	73.60	74.89
Aug	74.70	75.25	74.40	75.40
Sept	75.80	76.25	75.45	75.52
Oct	77.00	77.25	76.85	77.59
Nov	78.00	78.50	77.75	78.65
Dec	79.20	79.60	75.60	79.79
Jan	79.80	—	—	80.20
Feb	70.10	—	—	79.70
March	79.10	—	—	70.70

ORANGE JUICE 15,000 lb, cents/lb

	Close	High	Low	Prev
May	116.70	115.75	116.00	116.40
July	114.00	114.00	113.40	113.25
Sept	112.45	112.50	112.00	112.30
Nov	109.00	109.00	109.00	108.75
Jan	103.70	103.75	103.00	103.00
March	102.95	103.00	102.75	103.00
May	102.95	—	—	102.70
July	102.95	102.95	102.95	103.00
Sept	102.95	—	—	103.00

PLATINUM 50 troy oz, $/troy oz

	Close	High	Low	Prev
June	449.0	—	—	457.3
July	450.0	454.0	444.0	458.3
Oct	454.7	459.0	450.0	463.0
Jan	461.0	464.5	456.0	469.3
April	467.0	477.5	469.0	475.8
July	475.0	—	—	483.3

SILVER 5,000 troy oz, cents/troy oz

	Close	High	Low	Prev
May	1296.5	1298.0	1828.0	1315.0
June	1302.0	1305.0	1292.0	1321.0
July	1312.0	1317.0	1298.0	1331.0
Sept	1331.8	1338.0	1318.0	1351.1
Dec	1362.0	1367.0	1346.0	1381.5
Jan	1372.0	1370.0	1370.0	1391.7
March	1392.0	1395.0	1380.8	1412.0
May	1412.5	1424.0	1415.0	1433.0
July	1433.0	1431.0	1429.0	1454.0
Sept	1454.5	1450.0	1460.0	1476.5

SUGAR WORLD "11" 112,000 lbs, cents/lb

	Close	High	Low	Prev
July	8.94	9.33	8.87	9.03
Sept	9.34	9.72	9.25	9.38
Oct	9.66	9.95	9.51	9.69
March	10.67	10.94	10.51	10.64
May	11.00	11.18	10.96	11.29
July	11.33	11.43	11.33	11.09
Sept	11.60	11.70	11.57	11.40
Oct	11.87	12.00	11.85	11.50

CHICAGO

LIVE CATTLE 40,000 lbs, cents/lb

	Close	High	Low	Prev
June	66.92	66.97	66.30	66.45
Aug	64.57	64.50	63.92	64.32
Oct	61.57	61.60	61.22	61.42
Dec	62.12	62.15	61.80	62.05
Feb	61.67	62.00	61.70	61.85
April	62.67	62.67	62.67	62.55

LIVE HOGS 30,000 lb, cents/lb

	Close	High	Low	Prev
June	50.50	50.67	50.07	50.25
July	50.55	50.82	50.20	50.37
August	47.67	47.90	47.52	47.70
Oct	44.17	44.60	44.10	44.37
Dec	44.32	44.95	44.20	44.67
Feb	46.55	46.60	45.55	46.70
April	45.50	45.60	45.50	45.72
June	47.55	47.55	47.55	47.60
July	47.90	47.90	47.90	47.80

MAIZE 5,000 bu min, cents/56 lb bushel

	Close	High	Low	Prev
May	299.6	302.0	297.2	304.2
July	302.4	306.2	300.4	306.8
Sept	294.0	298.0	293.0	299.2
Dec	287.6	292.4	286.4	293.4
March	297.4	300.6	295.6	302.0
May	305.6	309.0	304.2	309.2
July	310.6	314.0	310.0	314.0

PORK BELLIES 38,000 lb, cents/lb

	Close	High	Low	Prev
May	68.77	69.05	68.25	68.47
July	67.40	67.85	66.75	67.10
August	64.55	65.20	64.20	64.52
Feb	63.90	64.25	63.60	64.30
March	63.85	64.55	63.50	64.55
May	64.95	65.55	64.60	65.55
July	64.00	64.00	63.75	64.25
August	61.95	61.95	61.95	61.96

SOYABEANS 5,000 bu min, cents/60 lb bushel

	Close	High	Low	Prev
May	615.2	617.0	610.2	613.0
July	628.0	631.0	624.4	627.4
Aug	634.0	636.8	631.0	633.8
Sept	641.0	643.0	636.4	639.4
Nov	654.0	654.6	647.4	651.4
Jan	665.0	668.3	660.0	664.4
March	679.0	679.8	675.0	677.0
May	690.0	690.0	686.0	687.0
July	700.0	701.0	695.8	697.0

SOYABEAN MEAL 100 tons, $/ton

	Close	High	Low	Prev
May	178.3	179.3	178.1	177.6
July	182.8	183.0	181.0	181.8
Aug	184.6	184.5	182.5	183.3
Sept	180.5	188.5	185.8	185.2
Oct	188.0	188.5	186.8	187.0
Dec	192.6	193.6	150.5	191.7
Jan	195.0	195.0	192.6	193.6
March	200.0	200.3	196.0	198.5
May	202.0	203.0	200.5	200.0
July	206.0	206.0	206.0	203.0

SOYABEAN OIL 6,000 lbs, cents/lb

	Close	High	Low	Prev
May	18.50	18.66	18.38	18.69
July	19.50	19.66	19.38	19.69
Aug	19.63	19.88	19.51	19.83
Sept	19.75	19.90	19.65	19.96
Oct	19.90	20.05	19.60	20.12
Dec	20.25	20.45	20.10	20.47
Jan	20.45	20.63	20.35	20.66
March	20.77	20.98	20.60	20.96
May	21.10	21.15	21.01	21.25
July	21.25	21.45	21.25	21.55

WHEAT 5,000 bu min, cents/60 lb bushel

	Close	High	Low	Prev
May	343.4	346.2	341.8	344.9
July	351.0	353.4	348.4	350.5
Sept	360.2	363.4	358.8	360.4
Dec	378.2	378.4	374.2	376.0
March	387.4	390.2	386.0	388.2
May	393.4	394.0	392.0	393.4

SPOT PRICES—Chicago loose lard 17.50 (same) cents per pound. New York tin 524.0-27.0 (521.0-28.0) cents per pound.

FT LONDON SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1983 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
99½	98½	Treasury 9¼pc '83	99⅞	.....	9.27	10.28
102	100	Exch. 13½pc '83	101 xd	.....	13.28	10.07
100	98	Exch. 10pc 1983	100xd	.....	10.00	10.06
97⅞	96¼	Funding 5½pc '82-84‡‡	97	.....	5.67	10.03
101¼	99½	Exch. 11¼pc 1984	100⅞	.....	11.15	9.97
104⅛	102½	Exchequer 14pc. 1984	103⅝xd	.....	15.51	10.17
94¼	92½	Exch. 3pc 1984	94	+	8.32	8.32
102	100⅞	Treasury 12pc 1984	102	.....	11.73	10.07
107	105⅞	Treasury 15pc 1985	106	.....	14.03	10.57
107	101⅞	Exch. 12pc Cnv. '85	103⅞	.....	11.55	9.62
90⅞	88⅝	Treasury 3pc 1985	90¼xd	+⅛	3.30	8.03
102	99⅛	Treasury 11½pc 1985	101½	.....	11.33	10.70
102	95	Treas 8¾pc Cnv '85	97	.....	9.02	10.19
103⅞	103⅛	Exch. 12¼pc 1985	103⅞xd	−	11.87	10.77
102	99	Exch. 11¾pc '86	102⅛	−	11.50	10.81
88½	85⅛	Treasury 3pc 1986	87xd	.....	5.44	7.92
67	66	Exch. 10½pcLn. '86 (£65pd)	66½	−	10.48	10.39
103	100	Treasury 12pc '86	103xd	−	11.63	10.79
97½	94⅞	Treasury 8pc '84-86‡‡	95½	.....	8.90	10.20
112¼	103¼	Treas. 12¾pc '86 Cnv.	109⅞	−⅛	11.16	8.58
109	105½	Exch. 14pc 1986	108	−⅛	12.91	10.95
107¼	103⅝	Exch. 13¼pc 1987	106½	−⅛	12.44	11.03
84	81½	Exchequer 2½pc 1987	81⅝	.....	3.06	8.23
100	95⅞	Exch. 10½pc 1987	98¼	−⅛	10.63	10.88
99¼	29	Exch. 10½pc 1987A	98	−⅛	10.65	10.93
93¼	89⅜	Funding 6½pc '85-87‡‡	89⅝	.....	7.25	9.70
81⅞	81⅛	Treasury 3pc 1987	81⅝	.....	3.67	8.38
104⅝	99⅞	Treas 12pc 1987	102	−	11.64	11.13
93¼	89⅞	Treasury 7¾pc '85-88‡‡	90⅝	+⅛	8.55	10.33

Five to Fifteen Years

Over Fifteen Years

Undated

Index-Linked

Prospective real redemption rate on projected inflation of (1) 10% and (2) 7%

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MINES—Continued

Central African

1983 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's
300	210	Falcon Rh.50c	250	......	070c	ϕ	21.5
21	16	Wankie Col. Z$1	21	......	05c	0.7	14.0
28	10	Zam.Cpr.SBD0.24	21	+1	—	—	—

Australians

1983 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's
28½	13½	♥ACM 20c	18	......	—	—	—
		For Argosy Gld. Mines see Southern Ventures					
25	13	Balmoral Resources	20	......	—	—	—
60	42	♥Black Hill Mins.	53	......	—	—	—
74	52	♥Bond Corp.	58	+½	gQ10c	2.3	10.6
156	116	♥Bougainville 1 Kina	156	+1	Q3 42c	1.2	1.3
293	204	♥CRA 50c	288xr	–7	t03c	—	0.6
145	60	♥Carr Boyd 20c	96	–1	—	—	—
35	18	♥Central Pacific	27	......	—	—	—
320	210	♥Crusader Oil	320	......	—	—	—
15	8	♥Cultus Pac NL	9½	......	—	—	—
19	7	♥Eagle Corp 10c	15	......	—	—	—

[illegible]

Tins

[illegible]

Miscellaneous

1983 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's
90	54	♥Anglo Utd. Dev.	78	......	—	—	—
135	60	♥Colby Res Corp.	103	......	—	—	—
485	315	Cons. Murch. 10c.	440	......	‡060c	1.9	‡
5½	3	‡‡Explaura Gold	3	......	—	—	—
155	103	♥Highwood Res.	125	+5	—	—	—
£21¼	£18	Homestake Mining $1	£19½	–½	040c	—	1.4
495	360	Northgate C$1	425	–20	—	—	—
614	455	R.T.Z.	573xd	......	16.0	1.9	4.0
£130	£108	Do.9½%Cv.Ln.'95-2000	£125xd	+6½	Q9½%	21.4	7.6
190	13	♥Sabina Inds C$1	150	–30	—	—	—
18	12½	♦Southwest Res. 10p.	18	+2	—	—	—
600	312	♥Tara Exptn $1	600	......	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- ♥ Not officially UK Listed; dealings permitted under Rule 163(4)(a).
- ♦ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 163(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ◆ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ◆ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ¶ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value

B.Fr. Belgian Francs. Fr. French Francs. §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. x Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend, cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1983-84. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1984. K Figures based on prospectus or other official estimates for 1982-83. M Dividend and yield based on prospectus or other official estimates for 1983. N Dividend and yield based on prospectus or other official estimates for 1982-83. P Figures based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations. xd ex dividend; xc ex scrip issue, xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL AND IRISH STOCKS

The following is a selection of regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv. 20p	56	......
Bdg'wtr Est. 50p	260	......
Craig & Rose £1	£12	......
Finlay Pkg. 5p	36	......
Graig Ship £1	£21	......
Higsom Brew.	107	+2
Holt (Jos) 25p	910	......
I.O.M. Stm. £1	100	......
Pearce (C. H.)	£14	+¼
Peel Hldgs.	200	......

IRISH

Exch. 15pc 1983	£100	......
Nat. 9¼% 84/89	£87½	+⅛
Fin. 13% 97/02	£97	+¼
Alliance Gas	103	......
Arnott	200	......
Carroll (P.J.)	107	–1
Concrete Prods.	52	......
Heiton (Hldgs.)	16	......
Irish Ropes	31	......
Jacob	72	......
T.M.G.	70	......
Unidare	73	......

OPTIONS

3-month Call Rates

Industrials	
Allied-Lyons	13
BOC Grp.	20
B.S.R.	12
Babcock	16
Barclays Bank	35
Beecham	35
Blue Circle	44
Boots	22
Bowaters	19
Brit. Aerospace	28
B.A.T.	65
Brown (J.)	5
Burton Ord.	35
Cadburys	21
Courtaulds	8½
Debenhams	12
Distillers	22
Dunlop	6
Eagle Star	35
F.N.F.C.	4½
Gen. Accident	40
Gen. Electric	22
Glaxo	90
Grand Met	32
G.U.S. 'A'	55
Guardian	42
G.K.N.	16
Hawker Sidd.	34

House of Fraser	17
I.C.I.	35
"Imps"	11
I.C.L.	8½
Ladbroke	20
Legal & Gen.	38
Lex Service	30
Lloyds Bank	45
"Lofs"	3½
London Brick	15
Lucas Inds.	13
"Mams"	12
Mrks. & Spncr	20
Midland Bank	35
N.E.I.	10
Nat. West. Bank	50
P & O Dfd.	14
Plessey	50
Racal Elect	45
R.H.M.	6
Rank Org. Ord	17
Reed Intnl.	28
Sears	9
T.I.	16
Tesco	14
Thorn EMI	50
Trusthouse	20
Turner & Newall	4½
Unilever	80

Utd. Drapery	14
Vickers	12
Woolworth Hld.	27
Property	
Brit. Land	8½
Cap. Counties	15
Land Sec	30
MEPC	22
Peachey	16
Samuel Props.	10
Town & City	3
Oils	
Brit. Petroleum	32
Burmah Oil	18
Charterhall	5
KCA	0
Premier	4
Shell	45
Tricentrol	19
Ultramar	48
Mines	
Charter Cons.	28
Cons. Gold	50
Lonrho	8½
Rio T. Zinc	55

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 37

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Ascension Day keeps market quiet

Sterling and the dollar were steady in very quiet foreign exchange trading. London and Milan were open, but other major European financial centres were closed for Ascension Day, and with no new factors to influence the market there was very little movement. The pound remained underpinned by another opinion poll showing a large Conservative lead, but moved within a narrow range.

Signs of recovery in the U.S. economy after the latest figures on retail sales and consumer credit tempered hopes of an early cut in the Federal Reserve discount rate, leaving the market nervous ahead of today's M2 and M3 money supply figures. But in such a quiet market the dollar showed only small mixed changes.

STERLING — Trading range against the dollar in 1983 is 1.6245 to 1.4540. April average 1.5421. Trade weighted index 84.0 against 84.1 at noon and 84.0 in the morning and compared with 83.9 on Wednesday and 91.3 six months ago. Sterling has benefited from hopes that oil prices will remain stable, following the latest Opec settlement. Just recently, however, it has started to lose a little ground on pre-election nerves and the possibility of a fall in domestic interest rates.

The pound opened at $1.5690-1.5700, and moved within a narrow range of $1.5670 to $1.5730, before closing at $1.5690-1.5700, a rise of 10 points on the day. Sterling rose to DM 3.83 from DM 3.8275; and to Y363.25 from Y363, but was unchanged at FFr 11.51, and fell to SwFr 3.17 from SwFr 3.19.

DOLLAR — Trade weighted index (Bank of England) 121.5 against 126.0 six months ago. The dollar has been firm during a period of uncertainty about oil prices and upheaval within the EMS. U.S. interest rates have not fallen as once expected and although better money supply figures have led to renewed hopes, future trends remain obscure.

The dollar rose to DM 2.4395 from DM 2.4390, and to Y231.30 from Y231.20, but eased to FFr 7.3350 from FFr 7.34, and to SwFr 2.02 from SwFr 2.0325.

ITALIAN LIRA — Trading range against the dollar in 1983 is 1,466.95 to 1,343. April average 1,453.10. Trade-weighted index 51.9 against 52.2 six months ago. The latest EMS realignment placed the lira at the top of the system. However, Italy's high inflation and economic problems could begin to slowly push the lira lower.

The lira was generally weaker at the Milan fixing, losing ground to the dollar and most members of the EMS. The dollar rose to L1,454.70 from L1,453.80, and sterling to L2,284.20 from L2,279.95. The Swiss franc was fixed at a record high of L716.45, compared with L715.02. Within the EMS the D-mark fell to L595.45 from L595.68, but the French franc improved to L197.96 from L197.81, and the Dutch guilder to L529.51 from L529.17.

JAPANESE YEN — Trading range against the dollar in 1983 is 242.25 to 226.80. April average 237.52. Trade-weighted index 149.5 against 139.2 six months ago. The yen has gained ground against the dollar and D-mark recently, prompting renewed calls for a cut in the Bank of Japan discount rate. This would stimulate the economy, but if it resulted in a weakening of the yen may produce criticism from abroad. The yen lost ground to the dollar in Tokyo yesterday, with the U.S. currency rising to Y231.40 from Y230.95, after opening at Y230.90, and trading within a range of Y230.75 to Y231.55. The slight recovery of the dollar is expected to be shortlived however, as the yen renews its advance in the next week or so. The authorities are thought to want to see the yen higher by the time of the Williamsburg summit in the hope of heading off criticism about the benefits of a weak yen to Japan's export performance.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU May 11	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	44.3662	45.2099	+1.90	+0.78	±1.5430
Danish Krone	8.04412	8.06069	+0.21	−0.91	±1.6415
German D-Mark	2.21515	2.26033	+2.04	+0.92	±1.0567
French Franc	6.79271	6.80222	+0.14	−0.98	±1.4015
Dutch Guilder	2.49587	2.54540	+1.98	+0.86	±1.4941
Irish Punt	0.71705	0.715316	−0.24	−1.36	±1.6696
Italian Lira	1386.78	1347.47	−2.83	−2.83	±4.1463

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

OTHER CURRENCIES

May 12	£	$		£ Note Rates
Argentine Peso	120,765-120,905	76,920-76,970	Austria	26.80-27.10
Australia Dollar	1.7775-1.7795	1.1330-1.1340	Belgium	76.55-77.10
Brazil Cruzeiro	740.75-744.75	471.11-476.11	Denmark	13.58-13.71
Finland Markka	8.4710-8.4496	5.4050-5.4070	France	11.44-11.65
Greek Drachma	129,896-133,192	83.60-84.00	Germany	3.81-3.85
Hong Kong Dollar	10.84-10.86¼	6.9160-6.9170	Italy	2265-2285
Iran Rial	159.50*	84.15*	Japan	363-368
Kuwait Dinar (KD)	0.4550-0.4560	0.29015-0.29030	Netherlands	4.28¼-4.39¼

*Selling rates.

FINANCIAL FUTURES

A quiet day

Trading was much quieter on the London International Financial Futures Exchange, after the record level of volume achieved on Wednesday. The June gilt price opened at 104-25, unchanged from the previous close, and after touching a peak of 104-26, closed fairly near the day's low at 104-17. Operators may have been nervous about taking out new positions ahead of the general election, while some profit taking and sterling's stability on the foreign exchanges tended to counterbalance each other. The narrow trading range also reflected the lack of movement in cash prices, which finished slightly lower on the day.

June delivery of the short sterling contract fell 2 basis points to 90.17, unchanged from the opening level, but the September contract, which was slightly more active, fell 5 points to 90.45. Both dates traded within very narrow ranges of only 3 points.

The sterling currency contract was also quiet, trading only 517 lots for June and September, compared with 2,401 previously. This was again a reflection of the lack of movement in cash markets as sterling moved very quietly in minimal foreign exchange activity. The closure of almost all European financial centres, apart from London and Milan, for Ascension Day was behind the quiet trading.

Eurodollar futures prices fell, with June delivery finishing at 91.35, compared with 91.44 on Wednesday. The June contract closed at the day's low, after touching a best level of 91.42. A firming of U.S. Federal funds pushed prices down towards the close, while the market remained generally nervous ahead of today's M2 and M3 money supply figures.

LONDON

THREE-MONTH EURODOLLAR $1m points of 100%

	Close	High	Low	Prev
June	91.35	91.42	91.35	91.44
Sept	91.18	91.23	91.18	91.29
Dec	90.91	90.95	90.91	91.03
March	90.69	90.73	90.69	90.82
June	90.48	90.46	90.48	90.60

Volume 1,170 (1,569)
Previous day's open int. 3,801 (3,963)

CHICAGO

U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
June	78-22	79-03	78-15	79-03
Sept	78-04	78-17	78-00	78-17
Dec	77-20	78-00	77-15	78-01
March	77-08	77-15	77-01	77-19
June	76-27	77-05	76-23	77-06
Sept	76-15	76-24	76-11	76-27
Dec	76-06	76-15	76-01	76-17

MONEY MARKETS

A lack of liquidity

UK clearing bank base lending rate 10 per cent (since April 15 and 18)

Interest rates remained steady on the London money market yesterday. Disappointment at recent UK money supply figures was reflecting in continuing doubts about an early fall in clearing bank base rates, particularly now that the country has entered into a general election campaign. The Bank of England failed to provide enough help to the money market, despite a fairly modest forecast shortage, but this was more an indication of a lack of market liquidity in the form of short-dated bills, than a strong reluctance of the discount houses to sell paper to the authorities.

The houses would prefer not to sell long-dated bills to the Bank of England, because this could involve them in a running loss at the moment and also removes any possibility of capital profits if interest rates are cut in the next few months, but the major factor behind yesterday's lack of help was the shortage of short-dated paper held by the houses.

Most of these band 1 and 2 bills have already been sold to the authorities, and this fact is illustrated by the very large amount of bills continuing to mature in the hands of the Bank of England. Market sources also mentioned some reluctance among borrowers to issue bills, preferring to use overdraft facilities, presumably in the hope of an early cut in base rates.

The Bank of England forecast a money market shortage of £250m, but this was later revised to £300m. Bills maturing in official hands and a take-up of Treasury bills from last week's tender drained £271m, but this was partly offset by Exchequer transactions adding £50m to market liquidity. Total help on the day was only £192m.

Before lunch the authorities bought £149m bills at unchanged rates, by way of £101m bank bills in band 2 (15-33 days maturity) at 10 per cent; £25m bank bills in band) (34-63 days) at 9⅞ per cent; and £23m bank bills in band 4 (64-84 days) at 9¾ per cent.

In the afternoon another £43m bills were purchased, through £7m Treasury bills in 2 at 10 per cent; £19m bank bills in band 2 at 10 per cent; £9m bank bills in band 3 at 9⅞ per cent; and £8m bank bills in band 4 at 9¾ per cent.

LONDON MONEY RATES

ECGD Rate Export Finance Scheme IV ... per cent.

INTEREST RATES

EURO-CURRENCY INTEREST RATES

(Market closing rates)

MONEY RATES

FT LONDON INTERBANK FIXING

(11.00 a.m. MAY 12)

WORLD VALUE OF THE DOLLAR

Bank of America NT & SA, Economics Department, London

The table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday May 11 1983. The exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except in certain specified areas. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for, particular transactions.

Bank of America NT and SA does not undertake to trade in all listed foreign currencies, and neither Bank of America NT and SA nor the Financial Times assume responsibility for errors.

LEGAL NOTICES

IN THE SUPREME COURT OF BERMUDA CIVIL JURISDICTION 1983: NO. 29

IN THE MATTER OF DOVER INSURANCE COMPANY LIMITED AND IN THE MATTER OF SECTION 35 OF THE INSURANCE ACT, 1978 AND IN THE MATTER OF THE COMPANIES (WINDING-UP) ACT, 1977

NOTICE IS HEREBY GIVEN that the Creditors of the above-named Company which is being wound-up by an Order of the Supreme Court of Bermuda made on the Petition of the Registrar of Companies, are required, on or before the 3rd day of June 1983, to send their full christian and surnames or corporate name their addresses and descriptions, full particulars of their debts or claims and the names and addresses of their solicitors (if any) to A. Verbena Daniels, Official Receiver and Charles W. Kempe, Jr., care of Arthur Young & Company of 129 Front Street in the City of Hamilton in the Islands of Bermuda, the Joint Provisional Liquidators of the said Company and if so required by notice in writing from the Joint Provisional Liquidators, or any Liquidator who may hereafter be appointed to come in and prove their debts or claims at such time and place as shall be specified in such notice or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated this 2nd day of May 1983.
A. Verbena Daniels, Official Receiver.
CHARLES W. KEMPE, Jr., Joint Provisional Liquidators.

IN THE SUPREME COURT OF BERMUDA CIVIL JURISDICTION 1983: NO. 29

IN THE MATTER OF DOVER INSURANCE COMPANY LIMITED AND IN THE MATTER OF SECTION 35 OF THE INSURANCE ACT, 1978 AND IN THE MATTER OF THE COMPANIES (WINDING-UP) ACT, 1977

NOTICE TO CREDITORS OF FIRST MEETING

NOTICE IS HEREBY GIVEN that a Meeting of the Creditors of the above-named Company will be held at City Hall, Church Street, in the City of Hamilton, Bermuda, on the 15th day of June, 1983, at 10.30 o'clock in the forenoon for the purpose of determining whether or not an application is to be made to the Supreme Court of Bermuda for appointing a Liquidator in the place of the Joint Provisional Liquidators.

A. Verbena Daniels, Official Receiver.
CHARLES W. KEMPE, Jr., Joint Provisional Liquidators.